



FINANCIAL STATEMENTS

Year Ended December 31, 2004

With Report of

Certified Public Accountants



KEMP BURDICK

KEMP BURDICK HINTON & HALL L.C.

CPA'S & ADVISORS

WASHINGTON COUNTY

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WASHINGTON COUNTY

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FINANCIAL SECTION

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KEMP BURDICK

KEMP BURDICK HINTON & HALL L.C.

CPA'S & ADVISORS

Independent Auditors' Report

The Honorable County Commissioners
Washington County
St. George, Utah

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
BRENT R. HALL
KENNETH A. HINTON
GREGORY A. KEMP
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Washington County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following component units, Southwest Utah Public Health Department, Ash Creek Special Service District, Northwestern Special Service District and Rockville/Springdale Fire Protection District, which statements reflect total assets of \$18,812,848 as of December 31, 2004 and total revenues of \$11,605,343 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the previously noted component units in the component unit columns, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2005, on our consideration of Washington County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 to 9 and budgetary comparison information on pages 46 to 51, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and the other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Washington County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.
June 23, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Washington County's financial performance and provides an overview of the County's activities for the year ending December 31, 2004. This report is in conjunction with the County's financial statements that follow this section.

HISTORY AND BACKGROUND OF WASHINGTON COUNTY

Washington County was created in 1856 shortly after pioneers settled here in the early 1850's. It has been known as Utah's Dixie because of mild winter weather and the fact that cotton was raised here in the early days of its existence. Not a lot of growth took place for the first 100 years. In the mid 1960's the county's population was about 10,000. Today, it is over 100,000. The population has nearly doubled each of the last three decades! Championship golf, tennis, outdoor sports events, walking and biking trails, snow-free winters and year long low humidity all make living here attractive.

The purpose of the County is to provide general services to its residents which include general government, judicial, public safety, health and sanitation, conservation and economic development, culture, and public works. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

FINANCIAL HIGHLIGHTS

- Current Economic Conditions. Washington County has continued to be the highest growth county in the state. Population has grown approximately 9% this past year.
- Sales tax revenues have grown this year by 12.9 % which includes growth and inflation.
- Restaurant and Transient Room Taxes have grown by 15.5 %.
- As compared to the State and the national rate, the County's 2004 unemployment rate has remained low at 3.6%. The County and the State both have one of the best labor and business climates in the western United States. Job growth rate continues to climb.
- Projections are that the County will continue to experience a healthy new growth factor and this in turn will increase resources and revenues to the County. Recent studies show the St. George Metropolitan area as one of the fastest growing in the United States.
- During 2004 the County issued \$8 million in G.O. Bonds for constructing and/or remodeling libraries and the Senior Center and the County issued \$7,330,000 in G.O. Bonds to advance refund Public Safety bonds.
- During 2004 the County's General Fund balance increased from \$7,170,417 to \$7,996,639. This increase came largely due our positive growth factor. Because of this positive effect, the General Fund balances are reserved or designated for future capital project needs.
- Total assets exceed total liabilities (net assets) by \$59.5 million at the close of the fiscal year.
- Total net assets increased by \$2.0 million.
- Total revenues from all sources, including component units, were \$53.6 million.
- The total cost of all County programs, including component units, was \$51.6 million

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the County as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. (3) Notes to the financial statements.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities (Government-wide)

The government-wide financial statements are designed to provide readers with a broad overview of Washington County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Washington County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Washington County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave or personal time off).

Both of the government-wide financial statements distinguish functions of Washington County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Washington County include general government, judicial, public safety, health and sanitation, culture, conservation and economic development, and public works.

The government-wide financial statements include not only Washington County itself (known as the primary government, but also many legally separate special districts for which Washington County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Washington County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Washington County can be divided into two major types of funds, governmental and proprietary. These two types of funds use different accounting approaches as explained below.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Washington County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, habitat conservation fund, and capital projects fund all of which are considered to be major funds. Data from the other seven Governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual budget-to-actual reports.

Washington County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for each fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the governmental fund financial statements.

Proprietary Funds

All of Washington County's proprietary funds are in the form of component units. Each of the component units of the county prepare their own financial statements but are summarized in Washington County's presentation because of their financial accountability. The basic, but not the only, criterion for including a component unit within the reporting entity is whether or not the County exercises significant influence over the component unit. Significant influence or accountability is based primarily on operational or financial relationships with the County.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Washington County.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for certain amounts held on behalf of developers, donations for a specific purpose and others. These fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. The County is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the County's other financial statements because the assets cannot be used to finance operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net assets may serve over time as a useful indicator of an entity's financial position. In the case of Washington County, assets exceeded liabilities by \$59.5 million at the close of the most recent fiscal year. This is a 3.5% increase over the previous year which indicates Washington County is keeping up with inflation.

The largest portion of the County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any outstanding debt used to acquire those assets that is still outstanding. Washington County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Washington County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

Washington County Statement of Net Assets

	Governmental Activities		Component Unit Activities	
	2004	2003	2004	2003
Current and other assets	\$ 32,007,169	\$ 23,447,017	\$ 17,894,030	\$ 15,817,192
Capital assets	49,706,309	\$ 50,471,609	18,449,587	\$ 17,539,881
Total assets	81,713,478	73,918,626	36,343,617	33,357,073
Long-term liabilities outstanding	44,767,058	38,494,350	6,924,059	6,096,238
Other liabilities	5,752,838	4,191,889	1,075,369	964,682
Total liabilities	50,519,896	42,686,239	7,999,428	7,060,920
Net assets:				
Invested in capital assets, net				
of related debt	9,456,396	16,947,983	13,595,453	12,692,003
Restricted	14,247,716	4,807,998	6,899,326	5,839,889
Unrestricted	7,489,470	9,476,406	7,849,410	7,764,261
Total net assets	\$ 31,193,582	\$ 31,232,387	\$ 28,344,189	\$ 26,296,153

Governmental Activities

The cost of all Governmental activities this year was \$51,604,916. As shown on the Statement of Activities on the following page, \$18,896,192 of this cost was paid for by those who directly benefited from the programs; \$13,966,818 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$32,863,010. General taxes and investment earnings totaled \$21,540,531.

The County's programs include: General Government, Judicial, Public Safety, Public Works, Health and Sanitation, Conservation and Economic Development, and Culture. Each program's revenues and expenditures are presented below.

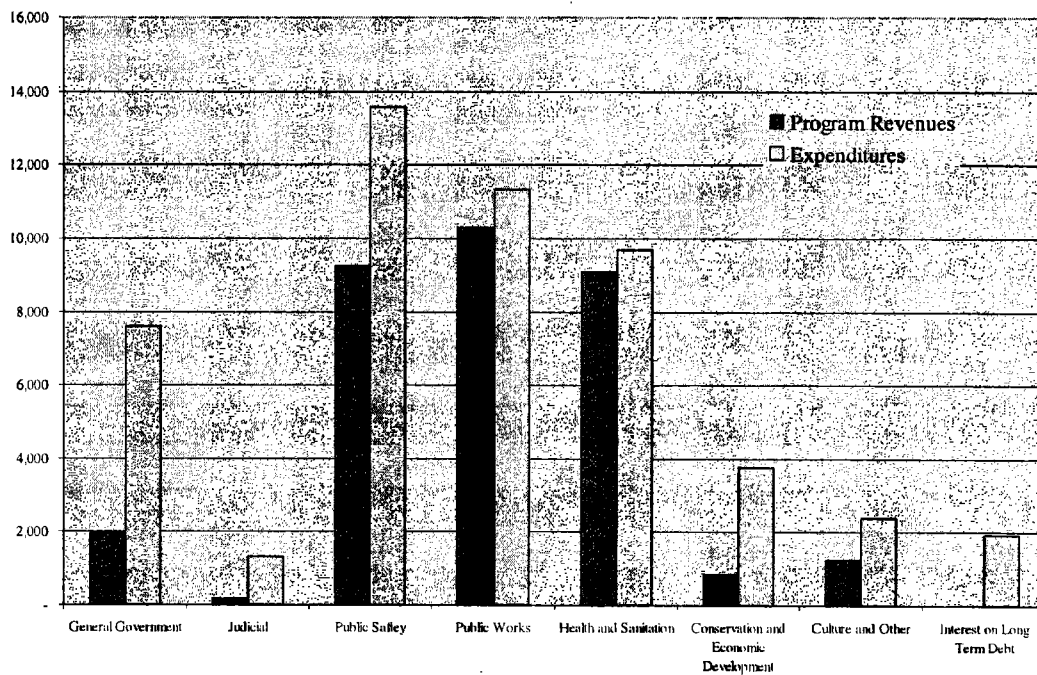
**Washington County
Changes in Net Assets**

	Governmental Activities		Component Unit Activities	
	2004	2003	2004	2003
Revenues:				
Program revenues:				
Charges for services	\$ 9,288,980	\$ 8,668,267	\$ 9,607,212	\$ 8,521,047
Operating grants and contributions	3,892,304	3,625,921	6,986,077	7,719,492
Capital grants and contributions	1,506,599	4,163,385	1,581,838	856,579
General revenues:				
Taxes	20,447,747	17,919,355	459,998	546,773
Other	307,858	244,111	324,928	230,189
Total revenues	<u>35,443,488</u>	<u>34,621,039</u>	<u>18,960,053</u>	<u>17,874,080</u>
Expenses:				
General government	7,587,606	8,020,495	-	-
Judicial	1,334,151	1,124,014	-	-
Public safety	12,885,473	11,293,663	678,367	560,870
Public works	3,461,307	3,340,870	7,878,538	6,363,143
Health and sanitation	1,313,028	1,579,465	8,357,377	8,910,248
Conservation and economic development	3,772,080	2,580,009	-	-
Culture and other	2,392,937	2,175,338	-	-
Interest on long term debt	1,944,052	1,920,862	-	-
Total expenses	<u>34,690,634</u>	<u>32,034,716</u>	<u>16,914,282</u>	<u>15,834,261</u>
Increase in net assets	752,854	2,586,323	2,045,771	2,039,819
Net assets, beginning	31,232,387	28,351,785	26,298,418	24,256,334
Prior period adjustment	(791,659)	294,279	-	-
Net assets, ending	<u>\$ 31,193,582</u>	<u>\$ 31,232,387</u>	<u>\$ 28,344,189</u>	<u>\$ 26,296,153</u>

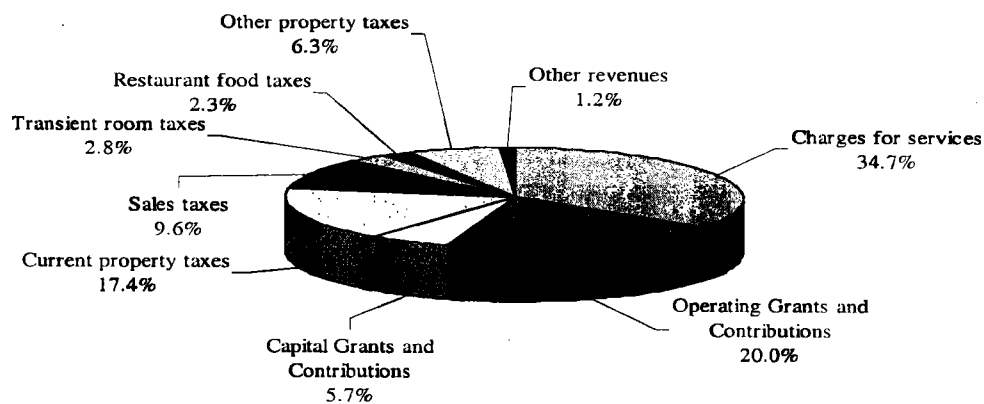
Total resources available during the year to finance operations were \$111,142,687 consisting of Net assets at December 31, 2003 of \$56,739,146, program revenues of \$32,863,010 and General Revenues of \$21,540,531. Total Governmental and Component Unit Activities during the year were \$51,604,916; thus Net Assets were increased by \$2,798,625 to \$59,537,771.

The following graphs compare program revenues with program expenditures and provide a breakdown of revenues by source for governmental activities:

Program Revenues and Expenditures - Governmental Activities
(in Thousands)



Revenue By Source - Governmental Activities



General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$955,823 greater than actual expenditures. The budget to actual variance in appropriations was principally due to estimates of anticipated expenditures for miscellaneous services and supplies which carried over to the next fiscal year. Actual revenues were greater than the final budget by \$448,804 mainly due to actual property tax and sales taxes received which were greater than the budgeted revenue. Budget amendments and supplemental appropriations were made during the year to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the County are those assets that are used in performance of County functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2004, net capital assets of the government activities totaled \$49.7 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 7 to the financial statements.)

Debt

At year-end, the County had \$46,621,058 in governmental type debt. The debt is a liability of the government and amounts to approximately \$439.82 per capita. During the current fiscal year, the County's total debt increased by \$6,690,232. (See note 9 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The County uses a conservative approach during our budgeting process with the purpose to maintain a healthy fund balance. Operations are reviewed monthly to insure that the budget projections are staying on course. The goal for the 2005 fund balance is to maintain the fund balance at its present level. With positive growth this past year, the Board proposed to budget one half of the growth of 2004 to cover some of our 2005 budget needs. The other half is to remain in the Fund Balance to secure a stronger financial position for the County. A statement is appropriate here to indicate that heavy flooding in Washington County early in 2005 and then numerous wild fires during the summer could cause a negative effect on the County's resources this coming year. The County has strongly maintained that no tax increases are to occur in the County without public approval. Budgets are closely monitored by Administration.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Washington County Auditor at 197 East Tabernacle, St. George, UT 84770

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BASIC FINANCIAL STATEMENTS

WASHINGTON COUNTY
Statement of Net Assets
December 31, 2004

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
Assets		
Cash and investments	\$ 652,121	\$ 9,386,895
Receivables (net of allowance for uncollectibles)	12,283,876	\$ 1,551,909
Prepaid assets	22,115	41,411
Deferred charges	70,370	7,416
Restricted cash and investments	13,656,047	6,906,399
Note receivable	5,322,640	-
Capital assets not being depreciated	1,604,580	5,682,255
Capital assets being depreciated, net of accumulated depreciation	<u>48,101,729</u>	<u>12,767,332</u>
Total assets	<u>81,713,478</u>	<u>36,343,617</u>
Liabilities		
Accounts payable and other current liabilities	2,431,130	822,477
Unearned revenue	1,122,790	-
Accrued interest payable	344,918	26,864
Noncurrent liabilities:		
Due within one year	1,854,000	226,028
Due in more than one year	<u>44,767,058</u>	<u>6,924,059</u>
Total liabilities	<u>50,519,896</u>	<u>7,999,428</u>
Net Assets		
Invested in capital assets, net of related debt	9,456,396	13,595,453
Restricted for:		
Capital projects	7,820,298	-
Class "B" roads	1,149,969	-
Debt Service	1,605,567	-
Other purposes	3,671,882	6,899,326
Unrestricted	<u>7,489,470</u>	<u>7,849,410</u>
Total net assets	<u>\$ 31,193,582</u>	<u>\$ 28,344,189</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Activities
For the Year Ended December 31, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
Primary government:						
Governmental activities:						
General government	\$ 7,587,606	\$ 1,774,913	\$ 190,010	\$ -	\$ (5,622,683)	
Judicial	1,334,151	24,908	140,403	-	(1,168,840)	
Public safety	12,885,473	5,220,532	2,109,458	1,126,963	(4,428,520)	
Public works	3,461,307	46,990	1,230,524	66,356	(2,117,437)	
Health and sanitation	1,313,028	488,719	175,248	-	(649,061)	
Conservation & economic development	3,772,080	476,462	46,661	313,280	(2,935,677)	
Culture and other	2,392,937	1,256,456	-	-	(1,136,481)	
Interest on long-term debt	1,944,052	-	-	-	(1,944,052)	
Total governmental activities	34,690,634	9,288,980	3,892,304	1,506,599	(20,002,751)	
Total primary government	\$ 34,690,634	\$ 9,288,980	\$ 3,892,304	\$ 1,506,599	\$ (20,002,751)	
Component units:						
Public safety	678,367	260,535	372	529,015	-	111,555
Public works	7,878,538	7,894,872	5,283	1,052,823	-	1,074,440
Health and sanitation	8,357,377	1,451,805	6,980,422	-	-	74,850
Total component units	\$ 16,914,282	\$ 9,607,212	\$ 6,986,077	\$ 1,581,838	\$ -	\$ 1,260,845
General revenues:						
Current property taxes					9,135,991	329,534
Sales taxes					5,212,111	-
Transient room taxes					1,522,465	-
Restaurant food taxes					1,273,812	-
Other property taxes					3,303,368	130,464
Unrestricted investment earnings					307,858	237,896
Gain on the sale of assets					-	-
Other revenues					-	87,032
Total general revenues and transfers					20,755,605	784,926
Change in net assets					752,854	2,045,771
Net assets - beginning					31,232,387	26,298,418
Prior period adjustment					(791,659)	-
Net assets - ending					\$ 31,193,582	\$ 28,344,189

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Balance Sheet
Governmental Funds
December 31, 2004

	General Fund	Debt Service	Special Rev Habitat Conservation	Capital Projects
Assets				
Cash and investments	\$ 337,037	\$ 314,294	\$ -	\$ -
Property taxes receivable	5,677,915	2,032,729	-	-
Assessments receivable	-	165,390	-	-
Due from other governments	1,632,534	13,640	216,031	-
Due from other funds	320,470	-	-	-
Prepaid assets	22,115	-	-	-
Restricted cash and investments	1,168,156	1,227,285	2,623,550	7,826,818
Total assets	<u>\$ 9,158,227</u>	<u>\$ 3,753,338</u>	<u>\$ 2,839,581</u>	<u>\$ 7,826,818</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	763,328	-	77,948	6,520
Accrued liabilities	398,260	-	5,631	-
Due to other funds	-	-	-	-
Deferred revenue	-	1,122,790	-	-
Total liabilities	<u>1,161,588</u>	<u>1,122,790</u>	<u>83,579</u>	<u>6,520</u>
Fund balances:				
Reserved for:				
Class "B" roads	1,149,969	-	-	-
Debt service fund	-	1,605,567	-	-
Other purposes	-	-	2,756,002	7,820,298
Unreserved, designated for subsequent year	665,000	1,024,981	-	-
Unreserved, designated for capital projects	3,800,000	-	-	-
Unreserved, undesignated	2,381,670	-	-	-
Unreserved, undesignated, reported in nonmajor:				
Special revenue funds	-	-	-	-
Total fund balances	<u>7,996,639</u>	<u>2,630,548</u>	<u>2,756,002</u>	<u>7,820,298</u>
Total liabilities and fund balances	<u>\$ 9,158,227</u>	<u>\$ 3,753,338</u>	<u>\$ 2,839,581</u>	<u>\$ 7,826,818</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Some receivables are not available in the current period and therefore are not reported in the funds.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

The accompanying notes are an integral part of the financial statements

Other Governmental Funds	Total Governmental Funds
\$ 790	\$ 652,121
1,683,607	9,394,251
-	165,390
862,030	2,724,235
443,483	763,953
-	22,115
810,238	13,656,047
<u>\$ 3,800,148</u>	<u>\$ 27,378,112</u>

412,391	1,260,187
90,213	494,104
1,440,792	1,440,792
-	1,122,790
<u>1,943,396</u>	<u>4,317,873</u>

-	1,149,969
-	1,605,567
915,880	11,492,180
-	1,689,981
-	3,800,000
-	2,381,670
<u>940,872</u>	<u>940,872</u>
<u>1,856,752</u>	<u>23,060,239</u>
<u>\$ 3,800,148</u>	

5,322,640

49,706,309

(46,895,606)

\$ 31,193,582

WASHINGTON COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General Fund	Debt Service	Special Rev Habitat Conservation	Capital Projects
Revenues				
Taxes	\$ 12,511,401	\$ 2,170,000	\$ -	\$ -
Licenses and permits	22,520	-	-	-
Intergovernmental	4,333,059	-	1,253,657	-
Charges for services	1,739,126	-	-	-
Fines and forfeitures	1,516,374	-	-	-
Interest	94,668	56,869	39,459	94,884
Sub-lease revenue	-	-	-	-
Miscellaneous revenue	490,156	66,356	2,799	-
Total revenues	20,707,304	2,293,225	1,295,915	94,884
Expenditures				
Current:				
General government	6,736,075	3,562	-	-
Judicial	1,308,263	-	-	-
Public Safety	8,416,984	-	-	-
Public Works	1,743,494	-	-	-
Health and Sanitation	689,769	-	-	-
Conservation & Economic Development	151,891	-	689,992	-
Culture and other	177,001	-	-	-
Matching Funds & contributions	37,000	-	-	-
Capital outlay	-	8,390	-	1,895,723
Debt service:				
Principal	-	1,064,706	-	-
Interest	-	748,574	-	-
Total expenditures	19,260,477	1,825,232	689,992	1,895,723
Excess revenues over (under) expenditures	1,446,827	467,993	605,923	(1,800,839)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(298,300)	-	-	-
Bond Issue Costs	-	-	-	(141,071)
Payment to refunded bond escrow agent	-	(7,452,484)	-	-
Debt proceeds	-	7,452,484	-	8,177,750
Total other financing sources and uses	(298,300)	-	-	8,036,679
Net change in fund balances	1,148,527	467,993	605,923	6,235,840
Fund balances - beginning of year	7,170,417	2,162,555	2,154,753	1,584,458
Prior period adjustment	(322,305)	-	(4,674)	-
Fund balances - end of year	\$ 7,996,639	\$ 2,630,548	\$ 2,756,002	\$ 7,820,298

The accompanying notes are an integral part of the financial statements

Other Governmental Funds	Total Governmental Funds
\$ 5,741,576	\$ 20,422,977
219,909	242,429
4,226,461	9,813,177
443,759	2,182,885
52,404	1,568,778
21,978	307,858
550,440	550,440
230,796	790,107
<u>11,487,323</u>	<u>35,878,651</u>
212,751	6,952,388
-	1,308,263
3,852,555	12,269,539
104,117	1,847,611
923,327	1,613,096
2,733,617	3,575,500
2,289,759	2,466,760
-	37,000
-	1,904,113
502,000	1,566,706
<u>1,052,659</u>	<u>1,801,233</u>
<u>11,670,785</u>	<u>35,342,209</u>
<u>(183,462)</u>	<u>536,442</u>
298,300	298,300
-	(298,300)
-	(141,071)
-	(7,452,484)
-	15,630,234
<u>298,300</u>	<u>8,036,679</u>
114,838	8,573,121
2,206,594	15,278,777
<u>(464,680)</u>	<u>(791,659)</u>
<u>\$ 1,856,752</u>	<u>\$ 23,060,239</u>

WASHINGTON COUNTY
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
For the Year Ended December 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 8,573,121
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(601,479)
The statement of activities only reports reports the loss on the sale of capital assets. In the governmental funds, only the proceeds from the sale are reported. This is the difference between the net book value of the capital assets sold and the proceeds.	(163,821)
Sub-lease revenues reported in the funds that provide current financial resources are reported as a reduction of notes receivable in the statement of net assets.	(237,160)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,443,494)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(374,313)
Change in net assets of governmental activities	<u>\$ 752,854</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combined Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2004

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 22,482,960
Due from other governments	-
Property taxes receivable	1,417,167
Due from other funds	<u>676,838</u>
Total Assets	<u>\$ 24,576,965</u>
Liabilities	
Deposits held in trust	\$ 1,830,259
Due to taxing districts	13,196,761
Due to Washington County General Fund	5,831,248
Due to other funds	3,718,697
Reserve for refund	<u>-</u>
Total Liabilities	<u>\$ 24,576,965</u>
Net Assets	
Held in trust for individuals, organizations, and other governments	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combining Statement of Net Assets
Component Units
December 31, 2004

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Assets					
Current assets:					
Cash and investments	\$ 428,935	\$ 1,426,395	\$ 6,577,870	\$ 953,695	\$ 9,386,895
Property Taxes Receivable	-	-	-	-	-
Taxes Receivable	-	-	-	-	-
Due from other governments	472,581	-	-	69,121	541,702
Due from other sources	156,359	188,240	573,563	92,045	1,010,207
Prepaid assets	32,120	-	-	9,291	41,411
Total current assets	1,089,995	1,614,635	7,151,433	1,124,152	10,980,215
Noncurrent assets:					
Deferred charges	-	-	-	7,416	7,416
Restricted cash and investments	-	2,169,701	4,398,141	338,557	6,906,399
Capital assets not being depreciated	-	5,141,995	5,000	535,260	5,682,255
Capital assets being depreciated, net of accumulated depreciation	1,338,218	5,965,227	2,671,647	2,792,240	12,767,332
Total noncurrent assets	1,338,218	13,276,923	7,074,788	3,673,473	25,363,402
Total assets	\$ 2,428,213	\$ 14,891,558	\$ 14,226,221	\$ 4,797,625	\$ 36,343,617
Liabilities					
Current liabilities:					
Accounts payable	\$ 245,175	\$ 19,837	\$ 465,960	\$ 8,190	\$ 739,162
Accrued liabilities	32,601	-	6,236	44,478	83,315
Compensated absences	253,909	-	5,677	-	259,586
Accrued interest payable	12,794	-	-	14,070	26,864
Total current liabilities	544,479	19,837	477,873	66,738	1,108,927
Noncurrent liabilities:					
Due within one year	51,690	106,787	-	67,551	226,028
Due in more than one year	1,052,750	2,619,213	2,054,456	938,054	6,664,473
Total noncurrent liabilities	1,104,440	2,726,000	2,054,456	1,005,605	6,890,501
Total liabilities	1,648,919	2,745,837	2,532,329	1,072,343	7,999,428
Net Assets:					
Invested in capital assets, net of related debt	264,244	8,381,222	2,676,647	2,273,340	13,595,453
Restricted	-	2,169,701	4,398,141	331,484	6,899,326
Unrestricted	515,050	1,594,798	4,619,104	1,120,458	7,849,410
Total net assets	\$ 779,294	\$ 12,145,721	\$ 11,693,892	\$ 3,725,282	\$ 28,344,189

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2004

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Expenses:					
Public safety:					
Fire and emergency services	\$ -	\$ -	\$ -	\$ 678,367	\$ 678,367
Public works					
Sewer services	-	1,222,618	-	-	1,222,618
Solid waste services	-	-	6,401,321	-	6,401,321
Water services	-	-	-	254,599	254,599
Health and sanitation					
Health services	8,357,377	-	-	-	8,357,377
Mosquito abatement	-	-	-	-	-
Total expenses	<u>8,357,377</u>	<u>1,222,618</u>	<u>6,401,321</u>	<u>932,966</u>	<u>16,914,282</u>
Program revenues:					
Charges for services	1,451,805	1,309,662	6,385,131	460,614	9,607,212
Operating grants and contributions	6,980,422	-	-	5,655	6,986,077
Capital grants and contributions	-	1,038,123	-	543,715	1,581,838
Net (expense) revenue	<u>74,850</u>	<u>1,125,167</u>	<u>(16,190)</u>	<u>77,018</u>	<u>1,260,845</u>
General revenues:					
Property taxes	-	-	-	329,534	329,534
Sales taxes	-	-	-	-	-
Other taxes	-	-	-	130,464	130,464
Unrestricted investment earnings	5,396	49,665	164,100	18,735	237,896
Miscellaneous	52,106	-	-	34,926	87,032
Transfers	-	-	-	-	-
Debt Proceeds	-	-	-	-	-
Total general revenues and transfers	<u>57,502</u>	<u>49,665</u>	<u>164,100</u>	<u>513,659</u>	<u>784,926</u>
Change in net assets	132,352	1,174,832	147,910	590,677	2,045,771
Total net assets - beginning	<u>646,942</u>	<u>10,970,889</u>	<u>11,545,982</u>	<u>3,134,605</u>	<u>26,298,418</u>
Total net assets - ending	<u>\$ 779,294</u>	<u>\$ 12,145,721</u>	<u>\$ 11,693,892</u>	<u>\$ 3,725,282</u>	<u>\$ 28,344,189</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 1. Summary of Significant Accounting Policies

General

The County is a political subdivision of the State of Utah with a County Commission comprised of three commissioners elected at large. The financial statements of Washington County (the County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

Reporting Entity

For financial reporting purposes, the County has included all funds, and account groups. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationships with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is whether or not the County exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the County.

The accompanying financial statements include all activities of Washington County (the primary government) and its component units. Blended component units, although legally separate entities, are in substance, part of the government's operations. Data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County.

The following **blended component unit** transactions are blended into the audit report issued by the County. No separate audit report is issued:

The Municipal Building Authority of Washington County, Utah (the Authority) was formally recognized by the State of Utah as a incorporated entity in 1998. The Authority was formed for the purpose of accomplishing the public purposes for which Washington County exists by acquiring, improving, or extending one or more projects and financing the cost of such projects on behalf of Washington County. The Authority is governed by a board of trustees comprised of the elected officials of Washington County.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 1. Summary of Significant Accounting Policies (Continued)

The following **discretely presented component units** had separately issued audited financial statements:

Southwest Utah Public Health Department (Major Special Revenue Fund) - The Department provides health related services to the citizens and government units in Washington, Iron, Kane, Beaver, and Garfield counties. The department is funded by state and federal financial assistance, county contributions and charges for services. The Department issued separate audited financial statements dated June 30, 2005.

Washington County Solid Waste Special Service District No. 1 (Major Enterprise Fund) - The District provides solid waste disposal service to the residents of the various municipalities within the County and to the unincorporated areas of the County. The District is funded entirely by charges for services. The County appoints one of twenty board members and provides no financial support to the District. The district issued separate audited financial statements dated May 11, 2005.

Ash Creek Special Service District (Major Enterprise Fund) - The District provides sewer service to the communities of Hurricane, LaVerkin and Toquerville and is funded mainly through user fees. The District was created by the County under the Utah Special Service District Act. The District issued separate audited financial statements dated February 25, 2005.

Rockville/Springdale Fire Protection District (Non-major Enterprise Fund) - The District provides fire protection to the communities of Rockville and Springdale, Utah and is funded mainly through user fees. The District issued separate audited financial statements dated May 24, 2005.

Northwestern Special Service District (Non-major Enterprise Fund) - The District provides fire protection to the community of Veyo, Gunlock, Central and Brookside, Utah funded through user fees and other revenues. The District issued separate audited financial statements dated March 10, 2005.

The following **discretely presented component units** did not have separately issued audited financial statements. All of the following were created by the County under the Utah Special Service District Act:

Dixie Deer Special Service District (Non-major Enterprise Fund) - The District provides water, sewer services and fire protection to the Dixie Deer Estates and is funded through user fees.

Pine Valley Special Service District (Non-major Enterprise Fund) - The District provides water for the Pine Valley area and is funded through user fees.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 1. Summary of Significant Accounting Policies (Continued)

Angell Springs Special Service District (Non-major Enterprise Fund) - The District provides water for the Angell Springs Subdivision and is funded through user fees and grants and loans.

Gunlock Special Service District (Non-major Enterprise Fund) - The District provides water, street lights and park services to the community of Gunlock funded through user fees and other revenues.

Leads Area Special Service District (Non-major General Fund) - The District provides fire protection to the community of Leads, Utah funded through user fees and other revenues.

New Harmony Valley Special Service District (Non-major General Fund) - The District provides fire protection to the community of New Harmony funded through user fees and other revenues.

Southwestern Special Service District (Non-major General Fund) - The District provides fire protection to the communities of Winchester Hills and Diamond Valley funded through user fees and other revenues.

Smithsonian Special Service District (Non-major General Fund) - The District provides fire protection to the community of Apple Valley funded through user fees and other revenues.

The following component units did not have separately issued audited financial statements and are not included in these financial statements because their assets, liabilities, equity, revenues and expenses are deemed immaterial to the County as a whole. All of the following were created by the County under the Utah Special Service District Act:

Silver Reef Special Service District (Enterprise Fund) - The District provides water, garbage disposal and fire protection for the Silver Reef area funded through user fees.

A related organization for which the County is accountable because it appoints a voting majority of the board, but is not financially accountable based on the previously mentioned criteria is:

Washington County Water Conservancy District.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 1. Summary of Significant Accounting Policies (Continued)

Organizations which are considered as **jointly governed organizations** based on the criteria set forth by the GASB are as follows:

Southwest Center - the Center provides mental health and drug and alcohol services to the five counties of southwestern Utah. One of the County's commissioners serves on the center's authority board. The Center is funded through state and federal government grants and contracts, fees for services and contributions from the five counties served. In 2004, the County provided \$245,000 in funding to the Center. The County does not retain an ongoing financial interest or responsibility in the Center.

Five County Association of Governments - The Association provides various services to the various governmental and educational units in the five counties of southwestern Utah. One of the County's commissioners serves on the steering committee of the association. The Association is funded through state and federal government grants and contracts and through contributions from the participating entities. In 2004 the County contributed \$15,000 to the Association. The County does not retain an ongoing financial interest or responsibility in the Association.

Washington County/St. George Interlocal Agency (WCIA) - The Agency constructs, operates and maintains convention and regional park facilities for the County and St. George City (the City). Two of the County's commissioners serve on the Agency's governing body along with two representatives appointed by the City along with an at-large member appointed by the WCIA. The County leases the convention center and regional park facilities from the WCIA and subleases an undivided 38% interest in the convention center to the City. See Long-Term Debt footnote for additional disclosures.

Southwestern Mosquito Abatement District - The District provides mosquito abatement and control services for Washington County and the municipalities of Enterprise, Hildale, Hurricane, Ivins, LaVerkin, Leeds, New Harmony, Rockville, Santa Clara, St. George, Virgin and Washington City funded by tax revenues.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 1. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of a related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 1. Summary of Significant Accounting Policies (Continued)

Property taxes, room taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** is used to account for all financial resources applicable to the general operations of County government which are not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

The **Habitat Conservation Plan Special Revenue Funds** accounts for revenue sources that are legally restricted to expenditure for habitat conservation and capital improvements.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

The County's **non-major governmental funds** account for specific revenue sources that are legally restricted to expenditures for specific purposes. Non-major funds are the Municipal Services, Library, Council on Aging, Travel Board, Recreation, Grants and Debt Service Funds.

Additionally, the County reports the following fiduciary funds:

Agency Funds account for assets held by the County as an agent for individuals, private organizations and other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 1. Summary of Significant Accounting Policies (Continued)

Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The County's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds." The County does not have any trade accounts receivable, all other receivables are deemed collectible and an allowance for uncollectible accounts is deemed immaterial and has not been recorded. Component Unit proprietary fund receivables are recorded net of allowances as determined by each respective component unit.

Property Taxes

The property taxes of Washington County are levied, collected, and distributed by the County as required by Utah State law. Utah statutes established the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by June 22. By July 22, the County Auditor is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the County Board of Equalization on specified dates in August for a revision of the assessed value.

Approved changes in assessed value are made by the County Auditor by November 1, who also delivers the completed assessment rolls to the County Treasurer on that same date. September 1, is the approximate levy date with a due date of November 30. Delinquent taxes are subject to 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15, of the following year, these delinquent taxes, including penalties, are subject to an interest charge at a rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid. If in May of the fifth year, the taxes remain delinquent, the County will advertise and sell the property at a tax sale. As of January 1, all unpaid property taxes are considered to have liens against the property.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 1. Summary of Significant Accounting Policies (Continued)

Inventories

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the County as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Treatment facilities and improvements	40 years
Machinery and equipment	7 to 10 years
Storm drains and inlets	40 years
Streets and sidewalks	20 years
Signs	40 years

Compensated Absences

The estimated current portion of the liability for vested vacation and sick leave benefits attributable to the County's governmental funds is recorded as an expenditure and liability in the respective funds. The long-term portion is recorded in the General Long-Term Debt Account Group. The amounts attributable to proprietary funds are charged to expense and a corresponding liability in the applicable fund.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 1. Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	\$ 27,085,000
Less: Deferred charge for issuance costs (to be amortized)	(70,370)
Less: Deferred charge on refunding (to be amortized)	(623,077)
Capital leases payable	18,968,000
Special assessment debt payable	213,000
Compensated absences	978,135
Accrued interest payable	<u>344,918</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u><u>\$ 46,895,606</u></u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 3,073,543
Depreciation expense	<u>(3,675,022)</u>
Net adjustment to decrease <i>net changes in fund balance --</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u>\$ (601,479)</u>

Another element of that reconciliation states that "issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$(15,330,000)
Principal repayments:	
Bonds payable	1,064,706
Capital leases	502,000
Payment to escrow agent for refunding	<u>7,319,800</u>
Net adjustment to decrease <i>net changes in fund balances</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u>\$ (6,443,494)</u>

Another element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The detail of this difference is as follows:

Compensated absences	\$ (205,015)
Accrued interest	(123,665)
Amortization of deferred charge on refunding and bond issuance costs	<u>(45,633)</u>
Net adjustment to decrease <i>net changes in fund balances -</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u>\$ (374,313)</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 3. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the County. The use of budgets and monitoring of equity status facilitate the County's compliance with legal requirements.

The County uses the following procedures to establish, modify and control the budgetary data presented in the financial statements.

The County Commission adopts a budget for all of the County's funds except trust and agency funds. The Boards of the component units adopt their own budgets independent of the County. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. During the current fiscal year there were amendments to the budget. Procedures followed for amending the budgets were in accordance with State laws.

All Governmental Fund budgets are maintained on the modified accrual basis of accounting.

The actual results of operations are presented in accordance with GAAP.

Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual reports beginning on page 46 present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended December 31, 2004, if any.

Deficit Fund Equity

There are no deficit fund balances as of December 31, 2004.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 4. Cash and Investments

The County pools the cash of the various funds into a number of federally insured demand and interest bearing accounts in the custody of the County Treasurer.

The County's investments are deposited in the Utah State Treasurer's Investment Pool.

The County Treasurer by statute is also the treasurer of the Southwest Utah Public Health Department (Health Department), which is a discretely presented component unit of the County. The Health department's cash and investments are reported in the County's Agency Fund and are pooled with the County's and deposited and invested in accordance with the policies of the County.

Significant carrying amounts of deposits and bank balances as of December 31, 2004, were as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>FDIC Insured</u>	<u>Uninsured</u>
County	\$ 2,776,855	\$ 3,646,555	\$ 500,000	\$ 3,146,555
Component Units:				
Washington County Solid Waste SSD	\$ 5,430,705	\$ 5,876,559	\$ 323,735	\$ 5,552,824
Ash Creek SSD	\$ 129,371	\$ 129,371	\$ 100,000	\$ 29,371

No deposits are collateralized, nor is it required by state statute.

The County's Policy is to follow the requirements of the Utah Money Management act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depositing of County funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of financial institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the County and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

The following table provides information about the credit and market risks associated with the County's and the Health Department's temporary cash investments.

Category 1 - includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name.

Category 2 - includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 4. Cash and Investments (Continued)

Category 3 - includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the County's name.

Cash and investments at December 31, 2004, consisted of the following:

	<u>Category</u>			<u>Carrying</u>	<u>Fair Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Investments not subject to categorization:					
Treasurer's investment pool				\$ 34,429,896	\$ 34,429,896
Money Market Accounts				469,078	469,078
Certificate Deposits				527,264	527,264
Demand Deposits				2,307,778	2,307,778
Cash on hand				<u>9,653</u>	<u>9,653</u>
Total cash and temporary Investments				<u>\$ 37,743,668</u>	<u>\$ 37,743,668</u>

A reconciliation of cash and investments as shown on the Combined Balance Sheet follows:

Cash and Investments	\$ 652,121
Restricted Cash and Investments	13,656,047
Agency Fund Cash Balances	<u>22,482,960</u>
	36,791,128
Dixie Center and Mosquito District funds held in County Central Treasury	<u>\$ 952,540</u>
Total Cash and Investments	<u>\$ 37,743,668</u>

Significant investments of discretely presented **component units** were all with the State Treasurer's Investment Pool. These investments not subject to categorization are as follows:

	<u>Carrying</u>	<u>Fair Market</u>
	<u>Amount</u>	<u>Value</u>
Ash Creek Special Service District	\$ 3,466,725	\$ 3,466,725
Wash. County Solid Waste Special Svc. Dist. No. 1	\$ 5,545,306	\$ 5,545,306

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 5. Receivables

Property taxes receivable in the governmental funds represent property taxes collected by the County and held in the Treasurer's Trust Fund at December 31, 2004. These monies were distributed to the various County funds in January 2004. Assessing and Collecting receivables are also included in taxes receivable. The County is allowed by state statute to set a tax rate to cover the costs of assessing and collecting property taxes. For 2004, the County's combined tax rate for assessing and collecting was .000345.

Property taxes receivable that are shown in the Trust Funds represent accruals for property taxes collected by the County subsequent to year end through January 15, 2005.

Notes receivable that are shown on the Statement of Net Assets are amounts receivable from St. George City for payments due on the Convention Center and the Museum subleases. See Note 9.

NOTE 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2004, is as follows:

	Due from Other Funds reported in:			
	General Fund	Municipal Services Fund	Grants Fund	Payroll Trust Fund
Due to Other Funds reported in:				
Nonmajor Special Revenue Funds:				
Library Special Revenue Fund	\$ 39,077	\$ 437,733	\$ -	\$ 676,839
Council on Aging Fund	71,379	-	-	-
Recreation Fund	215,764	-	-	-
Grants Fund	(5,750)	-	5,750	-
Total Interfund Balances	\$ 320,470	\$ 437,733	\$ 5,750	\$ 676,839

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2004 are shown in the following table:

	Transfers out reported in:
	General Fund
Transfers in reported in:	
Nonmajor Special Revenue Funds:	
Council on Aging Fund	298,300
Total Transfers	\$ 298,300

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 7. Capital Assets

The following table summarizes the changes to the general fixed assets during the year ended December 31, 2004.

Governmental Activities:	Balance 12/31/2003	Additions	Deletions	Balance 12/31/2004
Capital assets, not being depreciated:				
Land	\$ 1,300,516	\$ 304,064	\$ -	\$ 1,604,580
Total capital assets, not being depreciated:	<u>1,300,516</u>	<u>304,064</u>	<u>-</u>	<u>1,604,580</u>
Capital assets, being depreciated:				
Buildings and improvements	18,462,181	8,791,508	-	27,253,689
Convention Center	12,344,835	-	-	12,344,835
Regional Park	4,123,992	-	-	4,123,992
Museum	2,279,863	-	-	2,279,863
Autos and trucks	4,595,740	697,959	(450,934)	4,842,765
Equipment	7,190,242	355,345	(23,203)	7,522,384
Furniture and fixtures	401,827	14,370	-	416,197
Bridges, Towers, Trails	3,008,469	-	-	3,008,469
Streets and sidewalks	26,240,977	-	-	26,240,977
Construction in progress	7,312,318	222,615	(7,312,318)	222,615
Total capital assets, being depreciated:	<u>85,960,444</u>	<u>10,081,797</u>	<u>(7,786,455)</u>	<u>88,255,786</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,285,841)	(892,774)	-	(4,178,615)
Convention Center	(2,242,117)	(316,534)	-	(2,558,651)
Regional Park	(746,482)	(105,386)	-	(851,868)
Museum	(409,870)	(58,458)	-	(468,328)
Autos and trucks	(2,434,384)	(640,628)	309,211	(2,765,801)
Equipment	(6,274,625)	(299,593)	1,105	(6,573,113)
Furniture and fixtures	(240,206)	(30,427)	-	(270,633)
Bridges, Towers, Trails	(2,677,803)	(19,173)	-	(2,696,976)
Streets and sidewalks	(18,478,023)	(1,312,049)	-	(19,790,072)
Total accumulated depreciation	<u>(36,789,351)</u>	<u>(3,675,022)</u>	<u>310,316</u>	<u>(40,154,057)</u>
Total capital assets, being depreciated, net	<u>49,171,093</u>	<u>6,406,775</u>	<u>(7,476,139)</u>	<u>48,101,729</u>
Governmental activities capital assets, net	<u>\$ 50,471,609</u>	<u>\$ 6,710,839</u>	<u>\$(7,476,139)</u>	<u>\$ 49,706,309</u>

Depreciation expense was charged to the functions/programs of the County as follows:

Governmental Activities:	
General government	\$ 703,206
Public safety	619,846
Judicial	14,767
Public works	1,633,245
Health and sanitation	155,778
Conservation and economic development	209,413
Other	338,767
Total depreciation expense - governmental activities	<u>\$ 3,675,022</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 8. Due to Taxing Districts

Due to taxing districts represents property taxes collected by the County for the various taxing districts in the County and held in the treasurer's Trust Fund at December 31, 2004. These monies were distributed in January of 2005.

NOTE 9. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2004.

Governmental activities:

	Balance 12/31/2003	Additions	Retirements	Balance 12/31/2004	Current Portion
General Obligation:					
Public safety G.O. bonds	\$ 7,905,000		\$ 7,050,000	\$ 855,000	\$ 415,000
Refunding G.O. bonds	-	7,330,000	130,000	7,200,000	85,000
Less deferred amounts on refunding	-	(675,000)	(51,923)	(623,077)	-
Library G.O. bonds	-	8,000,000	-	8,000,000	235,000
Series 2002 G.O. bonds	9,465,000		365,000	9,100,000	370,000
Capital leases (Convention)	18,760,000		470,000	18,290,000	535,000
Capital leases (Museum)	710,000		32,000	678,000	33,000
Accrued Compensated Absences	773,120	205,015		978,135	-
Total General Obligation	37,613,120	14,860,015	7,995,077	44,478,058	1,673,000
Revenue Obligation:					
Lease revenue bonds	\$ 2,085,000	-	155,000	\$ 1,930,000	160,000
Special Assessment Debt with Government Commitment:					
SID No. 2002-1 - Diamond Valley	232,706	-	19,706	213,000	21,000
Total Governmental activity long-term liabilities	\$ 39,930,826	\$ 14,860,015	\$ 8,169,783	\$ 46,621,058	\$ 1,854,000

The County issued \$7,330,000 of general obligation refunding bonds in 2004 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the Public Safety G.O. Bonds. As a result, \$6,655,000 of the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$675,000. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is the same life as the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$386,069 and resulted in an economic gain of \$299,354.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 9. Long-Term Debt (Continued)

Bonds payable at December 31, 2004, consist of the following:

General Obligation:

General Obligation Public Safety Bonds, Series 1997 for the purpose of constructing a new correction facility, \$813,148 payable in 2005 and \$818,228 payable in 2006, including interest ranging from 4.6% to 6.5% \$ 855,000

Refunding G. O. Bonds Series 2004 for the purpose of refunding Public Safety Bonds, Series 1997, payable in amounts ranging from \$327,570 to \$798,800 including interest ranging from 2% to 5%, maturing December 1, 2017. 7,200,000

G. O. Bonds Series 2003 for the purpose of constructing and/or remodeling libraries within the County, payable in amounts ranging from \$355,000 to \$715,000 plus interest ranging from 2% to 5%, maturing October 1, 2022. 9,100,000

G. O. Bonds Series 2004B for the purpose of constructing and/or remodeling libraries and the Senior Center within the County, payable in amounts ranging from \$619,750 to \$624,750 including interest ranging from 3% to 5%, maturing October 1, 2024. 8,000,000

Special Assessment:

Diamond Valley SID No. 2002-1 Special Assessment Bonds, Series 2003, payable in annual installments ranging from \$28,218 to \$29,731 including interest ranging from 2.0% to 4.5%, maturing May 1, 2013. 213,000

Revenue Obligation:

Lease Revenue Bonds, Series 1998, for the purpose of paying costs of building acquisitions and improvements, payable in amounts ranging from \$45,000 to \$75,000 plus interest ranging from 4% to 5.2%, maturing June 15, 2018. \$ 1,930,000

Total Bonds Payable \$ 27,298,000

Debt service requirements to maturity for bonds payable are as follows:

Period Ending December 31	Principal	Interest	Total
2005	1,286,000	1,511,078	2,797,078
2006	1,386,000	1,420,529	2,806,529
2007	1,357,000	1,014,070	2,371,070
2008	1,398,000	976,990	2,374,990
2009	1,434,000	935,862	2,369,862
2010-2014	7,917,000	3,929,205	11,846,205
2015-2019	7,775,000	2,194,825	9,969,825
2020-2024	4,745,000	625,750	5,370,750
	<u>\$27,298,000</u>	<u>\$12,608,309</u>	<u>\$39,906,309</u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 9. Long-Term Debt (Continued)

Capital Leases (Agency):

Convention Center and Regional Park:

The Washington County/St. George City Interlocal Agency (the Agency) and Washington County entered into a direct financing lease agreement, dated November 1, 1997, for the lease of the convention facilities constructed by the Agency. The lease term commenced on the date of delivery of the Series 1998A Bonds and ended December 31, 1998; however, the lease term has been continued, and may be continued, solely at the option of the County, beyond the first "renewal term" and for 24 consecutive additional renewal terms thereafter each of one year in duration (except that the final renewal term shall commence January 1, 2022 and end on December 31, 2022). The County pays base rentals which correspond with the debt service on the Agency's \$20,290,000 Lease Revenue Bonds.

The County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's convention center facilities. The Agency will receive from the City sublease payments totaling \$10,179,096 over the 25 year period with annual payments ranging from \$304,057 to \$578,188.

The Agency's right and interest in the facilities will be transferred to the County and St. George City upon payment by the County and the City of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the Indenture.

The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:

Fiscal Period	St. George	County	County	
Ending	City Share	Share	Regional	
December 31			Park	Total
2005	\$ 504,434	\$ 523,262	\$ 433,146	\$ 1,460,842
2006	527,809	523,262	464,894	1,515,965
2007	534,414	523,262	494,384	1,552,060
2008	534,774	523,263	526,384	1,584,421
2009	544,254	523,263	555,771	1,623,288
2010-2014	1,847,183	4,448,808	1,212,752	7,508,743
2015-2019	1,788,775	6,221,376	-	8,010,151
2020-2022	1,372,861	4,158,981	-	5,531,842
Total remaining minimum lease payments	7,654,504	17,445,477	3,687,331	28,787,312
Less amount representing interest	2,589,504	7,235,477	672,331	10,497,312
Present value of net remaining minimum lease payments	\$ 5,065,000	\$ 10,210,000	\$ 3,015,000	\$ 18,290,000

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 9. Long-Term Debt (Continued)

Museum:

The Agency and Washington County entered into a direct financing lease agreement, dated May 15, 2000, for the lease of the natural museum facilities constructed by the Agency. The museum (approximately 20,000 square feet) was built as an addition to the Dixie Center. The lease term commenced on the date of delivery of the Series 2000 Bonds and ended December 31, 2000; however, the lease term has been continued, and may be continued, solely at the option of the County, beyond the first "renewal term" and for 19 consecutive additional renewal terms thereafter each of one year in duration (except that the final renewal term shall commence January 1, 2020 and end on December 31, 2020). The County pays base rentals which correspond with the debt service on the Agency's \$2,968,000 Series 2000A&B and \$800,000 Series 2000C Lease Revenue Bonds. However, during 2004, the Agency received a prepayment on the lease from the Rosenbruch Foundation which was used to pay off the Series 2000A&B Bonds in full. Thus, the County's remaining lease payments will correspond to the remaining balance of the Series 2000C Bond.

Washington County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's natural museum facilities. The Agency will receive from the City sublease payments totaling \$2,516,582 over the 20 year period with annual payments ranging from \$55,140 to \$56,970. However, due to the Series 2000A&B Bond payoff mentioned above, the payments remaining on the City sub-lease will be limited to the portion applicable to the Series 2000C Bond.

The Agency's right and interest in the facilities will be transferred to the County and St. George City upon payment by the County and the City of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the remaining Indenture. The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:

Fiscal Period Ending December 31	St. George City Share	County Share	Total
2005	\$ 21,557	\$ 35,173	\$ 56,730
2006	21,119	34,456	55,575
2007	21,440	34,980	56,420
2008	20,974	34,221	55,195
2009	21,649	35,321	56,970
2010-2014	106,517	173,788	280,305
2015-2019	106,233	173,327	279,560
2020-2020	21,238	34,652	55,890
Total remaining minimum lease payments	340,727	555,918	896,645
Less amount representing interest	83,087	135,558	218,645
Present value of net remaining minimum lease payments	\$ 257,640	\$ 420,360	\$ 678,000

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 9. Long-Term Debt (Continued)

Washington County and St. George City have entered into a sub-lease agreement with the Rosenbruch Foundation, Inc. (DBA World Wildlife Heritage Foundation), whereby the Rosenbruch Foundation has leased a 100% undivided interest in the Agency's natural museum facilities. The sub-lease requires that the Rosenbruch Foundation, Inc., as sub-lessee, pay all museum sublease rentals directly to the Trustee and that such payments are assigned by the County and the City to the Trustee for the benefit of the bond holders. In the event the Rosenbruch Foundation, Inc. fails to pay all or any portion of the museum sub-lease rentals, the County and the City are obligated to pay all base rentals, subject to nonappropriation. However, Jim and MaryAnn Rosenbruch, as individuals, have executed a guaranty agreement whereby they guarantee payment of all museum sub-lease payments.

NOTE 10. Reserved and Designated Fund Equity

Reservations and designations are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. At December 31, 2004, the County's reserved and designated fund equity balances are as follows:

General Fund:

Reserved for B & C Road Funds	<u>\$ 1,149,969</u>
Designated for Capital Projects	<u>\$ 3,800,000</u>
Designated for Subsequent Year	<u>\$ 665,000</u>

Special Revenue Funds:

Library	\$ 25,000
Habitat Conservation Plan	2,756,002
Council on Aging	57,906
Travel Board/Transient Room Tax	798,556
Recreation/Restaurant Tax	2,316
Miscellaneous Grants	<u>32,102</u>
	<u>\$ 3,671,882</u>

Debt Service Fund:

Debt Service Reserve/Lease Revenue Bond	\$ 260,546
General Obligation Bond	1,040,140
Special Assessment Bond	<u>304,881</u>
	<u>\$ 1,605,567</u>

Designated for Debt Service:

Public Safety Bond	\$ 906,467
Lease Revenue Bond	<u>118,514</u>
	<u>\$ 1,024,981</u>

Capital Projects Fund:

G.O. Bond Construction Funds	<u>\$ 7,820,298</u>
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WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 11. Defined Benefit Pension Plan

Plan Description

Washington County contributes to the Local Governmental Noncontributory retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah state Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 800-365-8772.

Funding Policy

In the Local Governmental Noncontributory Retirement System the County is required to contribute 9.62% - 11.09% of their annual covered salary. In the Public Safety Retirement System for employers in division A, members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and the County is required to contribute 4.52%-7.70% of their annual salary and 16.24%-19.08% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the Board.

The required contributions and amounts received for the 2004 fiscal year and the two previous years are as follows:

<u>System</u>	<u>Year Ended December 31</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Contributory System:					
Local Governmental Division	2004	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	2003	0.00	0.00	0.00	0.00
	2002	0.00	0.00	0.00	0.00
Noncontributory System					
Local Governmental Division	2004	N/A	N/A	\$ 802,414.90	\$ 7,720,076.71
	2003	N/A	N/A	605,244.79	6,604,962.47
	2002	N/A	N/A	492,863.10	5,831,568.49
Public Safety System:					
Other Division A Contributory	2004	\$ 0.00	\$ 63,653.19	\$ 32,076.21	\$ 517,926.30
	2003	0.00	59,878.92	16,408.11	487,216.37
	2002	0.00	65,662.24	12,237.50	534,277.35

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 11. Defined Benefit Pension Plan (Continued)

Required contributions and amounts received for the 2004 fiscal year and the two previous years (continued):

<u>System</u>	<u>Year Ended December 31</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Defined Contribution System:					
457 Plan	2004	N/A	N/A	\$ 718,133.19	\$ 4,050,127.70
	2003	N/A	N/A	575,380.15	3,813,665.36
	2002	N/A	N/A	503,247.91	3,599,118.00
401(k) Plan	2004	\$ 54,555.15	\$ 0.00		
	2003	28,778.33	0.00		
	2002	24,193.54	0.00		
	2004	\$ 289,446.00	\$ 272,341.65		
	2003	237,438.97	320,332.22		
	2002	225,136.99	322,379.39		

The contributions were equal to the required contributions for each year.

The Southwest Utah District Health Department, and Washington County Solid Waste District No. 1, discretely presented component units of the County, are all members of the Utah Retirement Systems. Participation, eligibility and contribution rates and requirements are the same as the County's.

Health Department

<u>System</u>	<u>Year</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Local Governmental - Contributory	2004	N/A	N/A	Not available	
	2003	N/A	N/A	21,024	
	2002	N/A	N/A	18,510	
Local Governmental-Noncontributory	2004	N/A	N/A	Not available	
	2003	N/A	N/A	210,357	
	2002	N/A	N/A	158,532	
401(k) Contributions	2004	Not available	Not available	N/A	
	2003	42,195	54,285	N/A	
	2002	57,743	44,975	N/A	

The contributions were equal to the required contributions for each year.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 11. Defined Benefit Pension Plan (Continued)

Solid Waste District

<u>System</u>	<u>Year</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Local Governmental - Contributory	2004	0	0	0	0
	2003	0	0	0	0
	2002	0	0	0	0
Local Governmental-Noncontributory	2004	N/A	N/A	18,858	182,025
	2003	N/A	N/A	16,069	175,403
	2002	N/A	N/A	14,293	169,028
401(k) Contributions	2004	7,150	4,805	N/A	
	2003	7,138	6,734	N/A	
	2002	11,027	7,680	N/A	

The contributions were equal to the required contributions for each year.

NOTE 12. Risk Management

The County is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries individual policies of insurance and joint venture protection agreements with the Utah Association of Counties Insurance Mutual. The County is insured by Utah State Workers Compensation Insurance Fund for potential job-related accidents. There were no significant reductions in insurance coverage from the previous year and the amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

NOTE 13. Commitments and Contracts

Washington County/St. George City Interlocal Agency (Agency):

As discussed in Note 9, the County has entered into a direct financing lease with the Agency. Note 9 discloses the base rental payments on the lease. In addition to the base rent payments, the County will pay other costs including trustee fees, maintenance and repairs, utilities, promotion and marketing, taxes, and liability insurance.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2004

NOTE 13. Commitments and Contracts (Continued)

St. George City Sub-Lease Agreement:

The County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's convention center facilities. The sub-lease is associated with the County's direct financing lease described at Note 9 and above. The Agency will receive from the City sublease payments totaling \$10,179,096 over the 25 year period with annual payments ranging from \$304,057 to \$578,188 except for the portion of the Museum sublease which was paid in full by the Rosenbruch Foundation in 2003.

NOTE 14. Contingencies

The County is involved in various matters of litigation. It is the opinion of County officials that none of the cases should have a material affect on the County's financial condition.

NOTE 15. Component Unit Disclosures

Additional required disclosures of the component units are included in separately issued audited financial statements as noted in Note 1.

NOTE 16. Prior Period Adjustment

The County had not recorded accrued payroll at December 31 as liabilities in the previous year's financial statements. In previous years, the amounts were deemed to be immaterial. However, in order to be consistent with other accruals for both receivables and payables, the County has decided to make the payroll accruals for 2004 which resulted in a prior period adjustment. In the process of the County's implementation of GASB34 in 2003, the County made adjustments to accrue fourth quarter receipts previously recorded as revenue in subsequent periods. However, two such accruals were missed; thus, a prior period adjustment to correct these accruals was made in 2004.

The following schedule presents the effect of these adjustments for each fund:

	General Fund	Habitat Conservation	Municipal Services	Library	Council on Aging	Travel Board	Recreation
Payroll accrual	\$ 322,305	\$ 4,674	\$ 10,177	\$ 85,520	\$ 6,576	\$ 4,039	\$ 6,455
Receivable correction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,726	\$ 178,187

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING FUNDS:

- The **General fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
- **Habitat Conservation Plan fund** is used to account for habitat conservation plan (HCP) fees used for habitat conservation management and capital outlay.

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes:				
Current Property Taxes	\$4,000,000	\$3,900,000	\$4,303,931	\$403,931
Fee in lieu Taxes	665,000	675,000	735,222	60,222
Assessing & Collecting Tax	2,225,000	2,300,000	2,421,261	121,261
Prior Years Delinquent Taxes	400,000	400,000	357,717	(42,283)
County Sales & Use Taxes	3,700,000	4,100,000	4,274,922	174,922
Penalties & Interest	350,000	350,000	418,348	68,348
Total Taxes	11,340,000	11,725,000	12,511,401	786,401
Licenses, Permits:				
Marriage licenses	25,000	25,000	22,520	(2,480)
Intergovernmental:				
Class "B" Roads	1,323,100	1,323,100	1,230,524	(92,576)
Forest Reserve	70,000	70,000	69,008	(992)
Prison Reimbursement	3,100,000	3,100,000	2,964,527	(135,473)
FEMA Reimbursement/Mosquito Abatement	30,000	30,000	-	(30,000)
Bailiff/Security Reimbursement	92,000	92,000	69,000	(23,000)
Total Intergovernmental	4,615,100	4,615,100	4,333,059	(282,041)
Charges for Services:				
Clerk's Fees	48,000	48,000	64,359	16,359
Recorder's Fees	1,000,000	1,000,000	1,021,481	21,481
Data Processing Fees	55,000	55,000	49,106	(5,894)
Jail Commissary, Phone and Medical	275,000	370,000	375,055	5,055
State Medical Reimbursements	175,000	175,000	32,806	(142,194)
Prisoner Industry and Other	144,000	179,000	162,137	(16,863)
Fuel Revenue - Other Departments	25,000	25,000	34,182	9,182
Total Charges for Services	1,722,000	1,852,000	1,739,126	(112,874)
Fines and Forfeitures:				
Court and Precinct Fines	1,225,000	1,390,000	1,516,374	126,374
Total Fines and Forfeitures	1,225,000	1,390,000	1,516,374	126,374
Other Revenues:				
Interest Earnings	115,000	115,000	94,668	(20,332)
Rent-Property	175,000	175,000	116,193	(58,807)
Sale of Property, Material & Supplies	40,000	125,000	128,573	3,573
Noxious Weed Revenue	-	-	3,537	3,537
Vending Revenue	1,000	1,000	163	(837)
Xerox Revenue	106,000	106,000	116,245	10,245
Other	129,400	129,400	125,445	(3,955)
Total Other Revenues	566,400	651,400	584,824	(66,576)
TOTAL REVENUES	\$ 19,493,500	\$ 20,258,500	\$ 20,707,304	\$ 448,804

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2004

EXPENDITURES:	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
GENERAL GOVERNMENT				
Commission:				
Salaries	\$ 259,500	\$ 259,500	\$ 262,940	(3,440)
Employee Benefits	104,200	104,200	98,459	5,741
Services, Supplies and Other	60,100	60,100	45,379	14,721
Capital Outlay	11,000	11,000	6,072	4,928
	<u>434,800</u>	<u>434,800</u>	<u>412,850</u>	<u>21,950</u>
Human Resource:				
Salaries	88,000	88,000	88,522	(522)
Employee Benefits	22,300	22,300	27,150	(4,850)
Services, Supplies and Other	41,900	48,900	45,566	3,334
Capital Outlay	3,000	3,000	1,527	1,473
	<u>155,200</u>	<u>162,200</u>	<u>162,765</u>	<u>(565)</u>
Info Tech Services:				
Salaries	234,600	264,600	265,674	(1,074)
Employee Benefits	83,000	83,000	86,698	(3,698)
Services, Supplies and Other	216,550	217,550	208,403	9,147
Capital Outlay	33,150	42,150	41,454	696
	<u>567,300</u>	<u>607,300</u>	<u>602,229</u>	<u>5,071</u>
Clerk/Auditor:				
Salaries	349,300	349,300	354,658	(5,358)
Employee Benefits	127,500	127,500	135,948	(8,448)
Services, Supplies and Other	55,500	60,500	48,377	12,123
Capital Outlay	6,000	6,000	1,006	4,994
	<u>538,300</u>	<u>543,300</u>	<u>539,989</u>	<u>3,311</u>
Treasurer:				
Salaries	189,600	189,600	196,780	(7,180)
Employee Benefits	68,800	68,800	82,370	(13,570)
Services, Supplies and Other	51,300	71,300	50,824	20,476
Capital Outlay	3,500	3,500	3,982	(482)
	<u>313,200</u>	<u>333,200</u>	<u>333,956</u>	<u>(756)</u>
Recorder:				
Salaries	410,000	410,000	418,776	(8,776)
Employee Benefits	153,400	153,400	157,598	(4,198)
Services, Supplies and Other	46,700	52,700	43,404	9,296
Capital Outlay	61,000	61,000	59,226	1,774
	<u>671,100</u>	<u>677,100</u>	<u>679,004</u>	<u>(1,904)</u>
Attorney:				
Salaries	1,201,000	1,201,000	1,203,324	(2,324)
Employee Benefits	446,100	446,100	430,658	15,442
Services, Supplies and Other	125,000	125,000	108,875	16,125
Capital Outlay	13,000	13,000	12,358	642
	<u>1,785,100</u>	<u>1,785,100</u>	<u>1,755,215</u>	<u>29,885</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2004

EXPENDITURES (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Assessor:				
Salaries	1,017,700	1,017,700	993,429	24,271
Employee Benefits	408,600	408,600	392,594	16,006
Services, Supplies and Other	337,700	337,700	317,681	20,019
Capital Outlay	152,450	152,450	150,489	1,961
	<u>1,916,450</u>	<u>1,916,450</u>	<u>1,854,193</u>	<u>62,257</u>
Non-Departmental:				
Services, Supplies and Other	20,000	20,000	31,272	(11,272)
Insurance - Buildings and Vehicles	216,000	216,000	204,656	11,344
	<u>236,000</u>	<u>236,000</u>	<u>235,928</u>	<u>72</u>
Elections:				
Services, Supplies and Other	103,000	143,000	154,157	(11,157)
Capital Outlay	17,000	17,000	5,789	11,211
	<u>120,000</u>	<u>160,000</u>	<u>159,946</u>	<u>54</u>
 Total General Government	 <u>6,737,450</u>	 <u>6,855,450</u>	 <u>6,736,075</u>	 <u>119,375</u>
JUDICIAL				
Justice of the Peace:				
Salaries	490,400	680,000	594,512	85,488
Employee Benefits	208,000	238,000	217,884	20,116
Services and Supplies	40,700	40,700	54,837	(14,137)
Capital Outlay	3,500	3,500	5,338	(1,838)
	<u>742,600</u>	<u>962,200</u>	<u>872,571</u>	<u>89,629</u>
Public Defender:				
Services, Supplies and Other	434,000	444,000	435,692	8,308
 Total Judicial	 <u>1,176,600</u>	 <u>1,406,200</u>	 <u>1,308,263</u>	 <u>97,937</u>
PUBLIC SAFETY				
Public Safety/County Jail:				
Salaries	5,525,000	5,548,000	5,401,869	146,131
Employee Benefits	2,310,000	2,310,000	2,438,847	(128,847)
Services, Supplies and Other	54,200	54,200	120,794	(66,594)
Capital Outlay	535,000	535,000	454,774	80,226
	<u>8,424,200</u>	<u>8,447,200</u>	<u>8,416,284</u>	<u>30,916</u>
Bee Inspector:				
Services, Supplies and Other	700	700	700	-
	<u>700</u>	<u>700</u>	<u>700</u>	<u>-</u>
 Total Public Safety	 <u>8,424,900</u>	 <u>8,447,900</u>	 <u>8,416,984</u>	 <u>30,916</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2004

EXPENDITURES (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
PUBLIC WORKS				
Facility Maintenance:				
Administration Building	85,500	85,500	85,744	(244)
Administration Building Annex	22,000	22,000	21,472	528
Administration Building Annex #2	2,000	4,000	3,618	382
Boulevard Building	86,000	116,000	115,991	9
Courthouse Office Plaza	55,500	61,500	61,470	30
	<u>251,000</u>	<u>289,000</u>	<u>288,295</u>	<u>705</u>
Weed Control:				
Salaries	44,800	44,800	38,383	6,417
Employee Benefits	11,300	11,300	11,863	(563)
Services, Supplies and Other	26,300	26,300	11,841	14,459
Capital Outlay	1,000	1,000	496	504
	<u>83,400</u>	<u>83,400</u>	<u>62,583</u>	<u>20,817</u>
B&C Roads:				
Salaries	419,000	419,000	429,064	(10,064)
Employee Benefits	184,100	184,100	181,834	2,266
Services, Supplies and Other	825,900	825,900	659,964	165,936
Capital Outlay	146,500	146,500	121,754	24,746
	<u>1,575,500</u>	<u>1,575,500</u>	<u>1,392,616</u>	<u>182,884</u>
Total Public Works	<u>1,909,900</u>	<u>1,947,900</u>	<u>1,743,494</u>	<u>204,406</u>
PUBLIC HEALTH				
Health Services:				
Services, Supplies and Other	673,000	698,000	688,569	9,431
Welfare:				
Services, Supplies and Other	7,000	7,000	1,200	5,800
Total Public Health	<u>680,000</u>	<u>705,000</u>	<u>689,769</u>	<u>15,231</u>
CONSERVATION & DEVELOPMENT				
Agricultural Extension Service:				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Services, Supplies and Other	73,850	73,850	77,605	(3,755)
Capital Outlay	3,450	3,450	4,260	(810)
	<u>77,300</u>	<u>77,300</u>	<u>81,865</u>	<u>(4,565)</u>
Contribution to Economic Development Fund	<u>23,000</u>	<u>23,000</u>	<u>22,992</u>	<u>8</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued):				
Family, Consumer Science & 4-H Department:				
Services, Supplies and Other	45,150	45,150	47,034	(1,884)
Total Conservation & Development	145,450	145,450	151,891	(6,441)
MISCELLANEOUS				
Services, Supplies and Other	335,000	666,400	177,001	489,399
MATCHING FUNDS & CONTRIBUTIONS				
Contributions	42,000	42,000	37,000	5,000
TOTAL EXPENDITURES	19,451,300	20,216,300	19,260,477	955,823
Excess of Revenues Over Expenditures	42,200	42,200	1,446,827	1,404,627
Other Financing Sources (Uses):				
Transfer to Debt Service Fund	(255,000)	(255,000)	-	255,000
Transfer to Special Revenue Fund	(298,300)	(298,300)	(298,300)	-
Total Other Financing Sources (Uses):	(553,300)	(553,300)	(298,300)	255,000
Net Change in Fund Balance	(511,100)	(511,100)	1,148,527	1,659,627
Fund Balance, Beginning of Year	7,170,417	7,170,417	7,170,417	-
Prior Period Adjustment	-	(322,305)	(322,305)	-
Fund Balance, End of Year	\$ 6,659,317	\$ 6,337,012	\$ 7,996,639	\$ 1,659,627

WASHINGTON COUNTY
Habitat Conservation Plan Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental - HCP Fees	\$ 500,000	\$ 1,060,000	\$ 1,253,657	\$ 193,657
Other Revenues:				
Interest Earnings	4,200	4,200	39,459	35,259
Other	-	-	2,799	2,799
Total Revenues	<u>504,200</u>	<u>1,064,200</u>	<u>1,295,915</u>	<u>231,715</u>
EXPENDITURES:				
Other Expenditures - HCP:				
Salaries	148,900	148,900	147,338	1,562
Employee Benefits	57,800	57,800	54,495	3,305
Services, Supplies and Other	418,200	978,200	479,589	498,611
Capital Outlay	<u>179,000</u>	<u>179,000</u>	<u>8,570</u>	<u>170,430</u>
Total Expenditures	<u>803,900</u>	<u>1,363,900</u>	<u>689,992</u>	<u>673,908</u>
Excess of Revenues				
Over (Under) Expenditures	(299,700)	(299,700)	605,923	905,623
Fund Balance, Beginning of Year	2,154,753	2,154,753	2,154,753	-
Prior Period Adjustment	<u>(4,674)</u>	<u>(4,674)</u>	<u>(4,674)</u>	-
Fund Balance, End of Year	<u>\$ 1,850,379</u>	<u>\$ 1,850,379</u>	<u>\$ 2,756,002</u>	<u>\$ 905,623</u>

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

BUDGET-TO-ACTUAL

- **Debt Service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.
- **Capital projects funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The General Capital Projects fund is used to account for the construction or expansion of any project not accounted for in the other governmental funds.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- **Municipal Services fund** is used to account for sales tax revenues, fees, intergovernmental and other revenues used for providing Engineering and Surveying, GIS, Planning and Zoning, Building Inspection, Sheriff and Fire Control Services.
- **Library fund** is used to account for property taxes and other revenues used to provide and maintain the County libraries.
- **Council on Aging fund** is used to account for grants and other revenues used to provide senior nutrition and other senior citizen programs.
- **Travel Board fund** is used to account for transient room tax revenues used to promote travel within the County and assist the Washington County/St. George Interlocal Agency.
- **Recreation fund** is used to account for fees collected and used for the acquisition and construction of recreation facilities within the County.
- **Miscellaneous Grants Fund - This fund** is used to account for miscellaneous grants such as CDBG, VOCA, SCAAP, LLEBG, Drug Court, and Children's Justice Center.

WASHINGTON COUNTY
Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Tax Revenues	\$ 1,596,000	\$ 1,596,000	\$ 2,170,000	\$ 574,000
Other Revenues:				
Assessment Revenues	28,300	28,300	66,356	38,056
Interest Income	5,000	5,000	56,869	51,869
Total Revenues	<u>1,629,300</u>	<u>1,629,300</u>	<u>2,293,225</u>	<u>663,925</u>
EXPENDITURES:				
Bank Fees	6,000	6,000	3,562	2,438
Capital Outlay	-	-	8,390	(8,390)
Debt Service:				
Principal, Public Safety Bond	395,000	395,000	525,000	(130,000)
Principal, Lease Revenue Bond	155,000	155,000	155,000	-
Principal, Library Bond	370,000	370,000	365,000	5,000
Principal, Special Assessment Bond	28,300	28,300	19,706	8,594
Interest, Public Safety Bond	417,000	417,000	250,614	166,386
Interest, Lease Revenue Bond	99,000	99,000	97,123	1,877
Interest, Library Bond	414,000	414,000	390,465	23,535
Interest, Special Assessment Bond	-	-	10,372	(10,372)
Total Expenditures	<u>1,884,300</u>	<u>1,884,300</u>	<u>1,825,232</u>	<u>59,068</u>
Excess of Revenues Over (Under) Expenditures	(255,000)	(255,000)	467,993	722,993
Other Financing Sources (Uses):				
Operating Transfers:				
From General Fund	255,000	255,000	-	(255,000)
Payment to refunded bond escrow agent	-	-	(7,452,484)	(7,452,484)
Debt Proceeds	-	-	7,452,484	7,452,484
Total Other Financing Sources (Uses):	<u>255,000</u>	<u>-</u>	<u>467,993</u>	<u>467,993</u>
Net Change in Fund Balance	255,000	-	467,993	467,993
Fund Balance, Beginning of Year	<u>2,162,555</u>	<u>2,162,555</u>	<u>2,162,555</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,417,555</u></u>	<u><u>\$ 2,162,555</u></u>	<u><u>\$ 2,630,548</u></u>	<u><u>\$ 467,993</u></u>

WASHINGTON COUNTY
Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Other Revenues:				
Interest Earnings	\$ -	\$ -	\$ 94,884	\$ 94,884
Miscellaneous Revenue	-	-	-	-
Total Revenues	-	-	94,884	94,884
EXPENDITURES:				
Debt Service	-	-	-	-
Capital Outlay:				
Buildings	900,000	8,405,000	1,658,678	6,746,322
Equipment	675,000	770,000	151,001	618,999
Other	-	200,000	86,044	113,956
Total Expenditures	1,575,000	9,375,000	1,895,723	7,479,277
Excess of Revenues Over (Under) Expenditures	(1,575,000)	(9,375,000)	(1,800,839)	7,574,161
Other Financing Sources (Uses):				
Transfer from General Fund	-	-	-	-
Bond Issue Costs	-	-	(141,071)	(141,071)
Debt Proceeds	-	8,000,000	8,177,750	177,750
Total Other Financing Sources (Uses)	-	8,000,000	8,036,679	36,679
Net Change in Fund Balance	(1,575,000)	(1,375,000)	6,235,840	7,610,840
Fund Balance, Beginning of Year	1,584,458	1,584,458	1,584,458	-
Fund Balance, End of Year	\$ 9,458	\$ 209,458	\$ 7,820,298	\$ 7,610,840

WASHINGTON COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Special Revenue Funds			
	Municipal Services	Library	Council on Aging	Travel Board
ASSETS				
Cash and Investments	\$ 100	\$ 200	\$ 355	\$ 35
Property taxes receivable	111,006	1,572,601	-	-
Assessments receivable	-	-	-	-
Due from other governments	139,569	7,747	153,233	198,639
Due from other funds	437,733	-	-	-
Restricted Cash	-	25,000	-	672,541
Total assets	<u>688,408</u>	<u>1,605,548</u>	<u>153,588</u>	<u>871,215</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	78,674	34,435	13,776	65,019
Accrued liabilities	12,987	48,339	10,527	7,640
Due to other funds	-	1,153,649	71,379	-
Deferred revenue	-	-	-	-
Total liabilities	<u>91,661</u>	<u>1,236,423</u>	<u>95,682</u>	<u>72,659</u>
Fund balances:				
Reserved for:				
Other Purposes	-	25,000	57,906	798,556
Unreserved, undesignated	<u>596,747</u>	<u>344,125</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>596,747</u>	<u>369,125</u>	<u>57,906</u>	<u>798,556</u>
Total liabilities & fund balance	<u>\$ 688,408</u>	<u>\$ 1,605,548</u>	<u>\$ 153,588</u>	<u>\$ 871,215</u>

Special Revenue Funds		Total
Recreation Fund	Grants Fund	Nonmajor Gvtl. Funds
\$ 100	\$ -	\$ 790
-	-	1,683,607
-	-	-
238,580	124,262	862,030
-	5,750	443,483
12,188	100,509	810,238
<u>250,868</u>	<u>230,521</u>	<u>3,800,148</u>
25,778	194,709	412,391
7,010	3,710	90,213
215,764	-	1,440,792
-	-	-
<u>248,552</u>	<u>198,419</u>	<u>1,943,396</u>
2,316	32,102	915,880
-	-	940,872
<u>2,316</u>	<u>32,102</u>	<u>1,856,752</u>
<u>\$ 250,868</u>	<u>\$ 230,521</u>	<u>\$ 3,800,148</u>

WASHINGTON COUNTY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Special Revenue Funds			
	Municipal Services	Library	Council on Aging	Travel Board
REVENUES:				
Taxes	\$ 632,451	\$ 2,092,931	\$ -	\$ 1,522,465
Licenses, permits and fees	219,909	-	-	-
Intergovernmental	1,897,407	6,721	642,636	-
Charges for services	61,316	-	21,332	-
Fines and forfeitures	-	52,404	-	-
Interest	3,209	-	-	9,050
Sub-lease revenue	-	-	-	-
Miscellaneous	127,908	59,638	-	43,250
Total	2,942,200	2,211,694	663,968	1,574,765
EXPENDITURES:				
General Government	212,751	-	-	-
Public Safety	2,279,302	-	-	-
Public Works	104,117	-	-	-
Health and Sanitation	-	-	923,327	-
Conservation and Economic Development	-	-	-	1,281,540
Culture and other	68,515	2,221,244	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total	2,664,685	2,221,244	923,327	1,281,540
Excess of revenues over (under) expenditures	277,515	(9,550)	(259,359)	293,225
Other financing sources (uses):				
Transfers in	-	-	298,300	-
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Total other financing sources (uses)	-	-	298,300	-
Net change in fund balances	277,515	(9,550)	38,941	293,225
Fund Balances - Begin	329,409	464,195	25,541	683,096
Prior Period Adjustment	(10,177)	(85,520)	(6,576)	(177,765)
Fund Balances - End	\$ 596,747	\$ 369,125	\$ 57,906	\$ 798,556

Special Revenue Funds		Total
Recreation Fund	Grants Fund	Non-major Gvtl. Funds
\$ 1,493,729	\$ -	\$5,741,576
-	-	219,909
-	1,679,697	4,226,461
361,111	-	443,759
-	-	52,404
9,719	-	21,978
550,440	-	550,440
-	-	230,796
<u>2,414,999</u>	<u>1,679,697</u>	<u>11,487,323</u>
-	-	212,751
-	1,573,253	3,852,555
-	-	104,117
-	-	923,327
1,371,606	80,471	2,733,617
-	-	2,289,759
502,000	-	502,000
1,052,659	-	1,052,659
<u>2,926,265</u>	<u>1,653,724</u>	<u>11,670,785</u>
<u>(511,266)</u>	<u>25,973</u>	<u>(183,462)</u>
-	-	298,300
-	-	-
-	-	-
-	-	298,300
(511,266)	25,973	114,838
698,224	6,129	2,206,594
(184,642)	-	(464,680)
<u>\$ 2,316</u>	<u>\$ 32,102</u>	<u>\$1,856,752</u>

WASHINGTON COUNTY
Municipal Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Sales Tax Revenue	\$ 550,000	\$ 632,451	\$ 82,451
Business Licenses and Building Permits	210,000	219,909	9,909
Intergovernmental Revenue:			
Federal Payments in Lieu of Taxes	1,600,000	1,556,724	(43,276)
State Mineral Lease	60,000	60,951	951
Sheriff Protection	279,000	279,732	732
Federal Public Safety Grant & GIS	-	-	-
Total Intergovernmental	<u>1,939,000</u>	<u>1,897,407</u>	<u>(41,593)</u>
Charges for Services	63,000	61,316	(1,684)
Other Revenue:			
Interest Earnings	-	3,209	3,209
Sale of Land & Equipment	-	43,087	43,087
Liquor Allocation	-	84,821	84,821
Miscellaneous	-	-	-
Total Other	<u>-</u>	<u>131,117</u>	<u>131,117</u>
Total Revenues	<u>2,762,000</u>	<u>2,942,200</u>	<u>180,200</u>
EXPENDITURES:			
General Government:			
Engineering & Surveying	2,000	2,000	-
Planning & Zoning	119,300	117,329	1,971
GIS	104,900	93,422	11,478
Total General Government	<u>226,200</u>	<u>212,751</u>	<u>13,449</u>
Public Safety:			
Sheriff	1,946,300	1,946,300	-
Fire Control	67,000	72,476	(5,476)
Building Inspector	264,000	260,526	3,474
Total Public Safety	<u>2,277,300</u>	<u>2,279,302</u>	<u>(2,002)</u>
Public Works	197,500	104,117	93,383
Miscellaneous Contingent	122,000	68,515	53,485
Total Expenditures	<u>2,823,000</u>	<u>2,664,685</u>	<u>158,315</u>
Excess of Revenues Over (Under) Expenditures	(61,000)	277,515	338,515
Other Financing Sources (Uses):			
Operating Transfer from General Fund	-	-	-
Net Change in Fund Balance	(61,000)	277,515	338,515
Fund Balance, Beginning of Year	329,409	329,409	-
Prior Period Adjustment	(10,177)	(10,177)	-
Fund Balance, End of Year	<u>\$ 258,232</u>	<u>\$ 596,747</u>	<u>\$ 338,515</u>

WASHINGTON COUNTY
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Tax Revenues:			
Current Property Taxes	\$ 1,670,000	\$ 1,618,328	\$ (51,672)
Fee Assessed Taxes	275,000	308,510	33,510
Prior Years Delinquent Taxes	110,000	146,260	36,260
Penalties & Interest	5,000	19,833	14,833
Total Taxes	<u>2,060,000</u>	<u>2,092,931</u>	<u>32,931</u>
Intergovernmental Revenue	110,000	6,721	(103,279)
Fines and Forfeitures	50,000	52,404	2,404
Other Revenues:			
Interest Earnings	15,000	-	(15,000)
Sale of Buildings	-	-	-
Xerox Revenue	18,500	16,802	(1,698)
Miscellaneous	48,200	42,836	(5,364)
Contributions	-	-	-
Total Other	<u>81,700</u>	<u>59,638</u>	<u>(22,062)</u>
Total Revenues	<u>2,301,700</u>	<u>2,211,694</u>	<u>(90,006)</u>
EXPENDITURES:			
Culture and other expenditures:			
St. George Library	1,213,500	1,120,036	93,464
Hurricane Library	390,400	331,871	58,529
Santa Clara Library	553,700	459,517	94,183
Springdale Library	105,500	87,119	18,381
Enterprise Library	61,800	52,153	9,647
New Harmony Branch	15,600	13,136	2,464
Other Branches & Misc. Grants	186,200	157,412	28,788
Total Expenditures	<u>2,526,700</u>	<u>2,221,244</u>	<u>305,456</u>
Excess of Revenues			
Over (Under) Expenditures	(225,000)	(9,550)	215,450
Fund Balance, Beginning of Year	464,195	464,195	-
Prior Period Adjustment	(85,520)	(85,520)	-
Fund Balance, End of Year	<u>\$ 153,675</u>	<u>\$ 369,125</u>	<u>\$ 215,450</u>

WASHINGTON COUNTY
Council on Aging Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenue:			
Council on Aging Contract	\$ 106,000	\$ 125,986	\$ 19,986
Nutrition Contract - St. George	341,000	325,347	(15,653)
Nutrition Contract - Hurricane	133,700	93,052	(40,648)
Nutrition Contract - Enterprise	57,300	54,351	(2,949)
Miscellaneous - C.O.A.	45,700	41,469	(4,231)
Miscellaneous - Transportation	3,500	2,431	(1,069)
Miscellaneous - CDBG	-	-	-
Charges for services	<u>1,440</u>	<u>21,332</u>	<u>19,892</u>
Total Revenues	<u>688,640</u>	<u>663,968</u>	<u>(24,672)</u>
EXPENDITURES:			
Health & Sanitation:			
Council on Aging - General	110,000	100,872	9,128
Council on Aging - St. George Center	504,240	504,833	(593)
Council on Aging - Hurricane Center	249,700	215,287	34,413
Council on Aging - Enterprise Center	<u>123,000</u>	<u>102,335</u>	<u>20,665</u>
Total Expenditures	<u>986,940</u>	<u>923,327</u>	<u>63,613</u>
Excess of Revenues Over (Under) Expenditures	(298,300)	(259,359)	38,941
Other Financing Sources (Uses):			
Operating Transfers in: From General Fund	<u>298,300</u>	<u>298,300</u>	<u>-</u>
Net Change in Fund Balance	-	38,941	38,941
Fund Balance, Beginning of Year	25,541	25,541	-
Prior Period Adjustment	<u>(6,576)</u>	<u>(6,576)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 18,965</u>	<u>\$ 57,906</u>	<u>\$ 38,941</u>

WASHINGTON COUNTY
Travel Board Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Tax Revenues:			
Transient Room Taxes	\$ 1,560,000	\$ 1,522,465	\$ (37,535)
Other Revenues:			
Interest Earnings	10,000	9,050	(950)
Other	40,000	43,250	3,250
Total Revenues	<u>1,610,000</u>	<u>1,574,765</u>	<u>(35,235)</u>
EXPENDITURES:			
Conservation & Economic Development:			
Travel Board:			
Salaries	195,000	189,541	5,459
Employee Benefits	75,000	75,350	(350)
Services, Supplies and Other	1,333,000	1,007,876	325,124
Capital Outlay	7,000	8,773	(1,773)
Total Expenditures	<u>1,610,000</u>	<u>1,281,540</u>	<u>328,460</u>
Excess of Revenues			
Over (Under) Expenditures	-	293,225	293,225
Other Financing Sources (Uses):			
Operating Transfers:			
To Recreation Special Revenue Fund	-	-	-
Net Change in Fund Balance	-	293,225	293,225
Fund Balance, Beginning of Year	683,096	683,096	-
Prior Period Adjustment	(177,765)	(177,765)	-
Fund Balance, End of Year	<u>\$ 505,331</u>	<u>\$ 798,556</u>	<u>\$ 293,225</u>

WASHINGTON COUNTY
Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Tax Revenues:			
Restaurant Food Tax	\$ 1,090,000	\$ 1,273,812	\$ 183,812
Leasing Sales Tax	<u>200,000</u>	<u>219,917</u>	<u>19,917</u>
Total Taxes	1,290,000	1,493,729	203,729
Charges for Services:			
County Fair	62,500	57,135	(5,365)
Regional Park	<u>253,000</u>	<u>303,976</u>	<u>50,976</u>
Total Charges for Services	315,500	361,111	45,611
Other Revenues:			
Interest Earnings	-	9,719	9,719
Sub-lease Revenue	<u>-</u>	<u>550,440</u>	<u>550,440</u>
Total Revenues	<u>1,605,500</u>	<u>2,414,999</u>	<u>809,499</u>
EXPENDITURES:			
Conservation & Economic Development:			
Regional Park Facility	925,050	853,422	71,628
County Fair	130,000	127,164	2,836
T.V. Operations	1,000	20	980
Convention Center Operations	365,150	361,000	4,150
Dixie College Eccles Fine Arts Center	30,000	30,000	-
Debt Service			
Principal	404,300	502,000	(97,700)
Interest	<u>-</u>	<u>1,052,659</u>	<u>(1,052,659)</u>
Total Expenditures	<u>1,855,500</u>	<u>2,926,265</u>	<u>(1,070,765)</u>
Excess of Revenues Over (Under) Expenditures	(250,000)	(511,266)	(261,266)
Other Financing Sources (Uses):			
Operating Transfers:			
From General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(250,000)	(511,266)	(261,266)
Fund Balance, Beginning of Year	698,224	698,224	-
Prior Period Adjustment	<u>(184,642)</u>	<u>(184,642)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 263,582</u>	<u>\$ 2,316</u>	<u>\$ (261,266)</u>

WASHINGTON COUNTY
Miscellaneous Grants Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental Revenues:			
CDBG Grants	\$ 88,000	\$ 85,030	\$ (2,970)
UCCJJ/LLEBG	50,000	58,587	8,587
AG-Children's Justice Center	163,200	163,200	-
State Wildlife Resources	10,000	-	(10,000)
Children's Safety Council	20,000	1,040	(18,960)
Drug Court	256,000	272,301	16,301
WMD Grant	2,000,000	1,041,933	(958,067)
Other Grants	48,000	57,606	9,606
Total Revenues	<u>2,635,200</u>	<u>1,679,697</u>	<u>(955,503)</u>
EXPENDITURES:			
Public Safety:			
LLEBG/SCAAP	50,000	58,296	(8,296)
AG-Children's Justice Center	163,200	163,635	(435)
State Wildlife Resources - Shooting Range	10,000	-	10,000
WMD - Emergency Operations	2,034,000	1,092,914	941,086
Children's Safety Council	20,000	4,044	15,956
Drug Court	256,000	254,364	1,636
Total Public Safety	<u>2,533,200</u>	<u>1,573,253</u>	<u>959,947</u>
Conservation & Economic Development:			
CDBG	88,000	72,736	15,264
Predator Control	8,000	3,350	4,650
Extension Grant	6,000	4,385	1,615
Total Conservation & Economic Devel.	<u>102,000</u>	<u>80,471</u>	<u>21,529</u>
Total Expenditures	<u>2,635,200</u>	<u>1,653,724</u>	<u>981,476</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	25,973	25,973
Fund Balance, Beginning of Year	<u>6,129</u>	<u>6,129</u>	-
Fund Balance, End of Year	<u>\$ 6,129</u>	<u>\$ 32,102</u>	<u>\$ 25,973</u>

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Fiduciary Funds Trust and Agency

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as propriety funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

- **Tax Collection Trust fund** is an agency fund which accounts for all collections and disbursements of taxes for the county.
- **Deposit Fund fund** is an agency fund which accounts for miscellaneous court funds, surcharges, 4-H, Treasurer and other custodial accounts.
- **Payroll Trust fund** is an internal service type agency fund used to account for the County's payroll and self-insurance.
- **Health Department fund** is used as an agency fund for the Health Department.
- **Economic Development Council fund** is used as an agency fund for the Economic Development Council.

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2004

	Balance 12/31/2003	Additions	Deductions	Balance 12/31/2004
TAX COLLECTION TRUST FUND:				
Assets:				
Cash & Investments	\$ 31,848,512	\$ 73,874,267	\$ 84,329,760	\$ 21,393,019
Due from Other Governments	-	-	-	-
Property Taxes Receivable	-	1,417,167	-	1,417,167
Total Assets	<u>\$ 31,848,512</u>	<u>\$ 75,291,434</u>	<u>\$ 84,329,760</u>	<u>\$ 22,810,186</u>
Liabilities:				
Deposits Held in Trust	\$ 71,337	\$ 119,886	\$ 127,743	\$ 63,480
Due to Taxing Districts	26,880,220	62,888,866	76,572,325	13,196,761
Due to Washington Co. General Fund	3,135,937	7,610,274	4,914,963	5,831,248
Due to Other Funds	1,761,018	4,672,408	2,714,729	3,718,697
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 31,848,512</u>	<u>\$ 75,291,434</u>	<u>\$ 84,329,760</u>	<u>\$ 22,810,186</u>
DEPOSIT FUND:				
Assets:				
Cash & Investments	\$ 565,830	\$ 8,697,096	\$ 8,636,809	\$ 626,117
Other Receivables	-	-	-	-
Total Assets	<u>\$ 565,830</u>	<u>\$ 8,697,096</u>	<u>\$ 8,636,809</u>	<u>\$ 626,117</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 565,830</u>	<u>\$ 8,697,096</u>	<u>\$ 8,636,809</u>	<u>\$ 626,117</u>
PAYROLL TRUST FUND:				
Assets:				
Cash & Investments	\$ 751,631	\$ 18,579,752	\$ 19,331,383	\$ -
Other Receivables	-	-	-	-
Due from Other Funds	-	676,838	-	676,838
Total Assets	<u>\$ 751,631</u>	<u>\$ 19,256,590</u>	<u>\$ 19,331,383</u>	<u>\$ 676,838</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 751,631</u>	<u>\$ 19,256,590</u>	<u>\$ 19,331,383</u>	<u>\$ 676,838</u>
HEALTH DEPARTMENT:				
Assets:				
Cash & Investments	\$ 281,264	\$ 5,133,708	\$ 5,143,316	\$ 271,656
Other Receivables	-	-	-	-
Total Assets	<u>\$ 281,264</u>	<u>\$ 5,133,708</u>	<u>\$ 5,143,316</u>	<u>\$ 271,656</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 281,264</u>	<u>\$ 5,133,708</u>	<u>\$ 5,143,316</u>	<u>\$ 271,656</u>

(Continued)

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities (Continued)
For the Year Ended December 31, 2004

	<u>Balance 12/31/2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2004</u>
ECONOMIC DEVELOPMENT COUNCIL:				
Assets:				
Cash & Investments	\$ 194,178	\$ 173,948	\$ 175,958	\$ 192,168
Other Receivables	-	-	-	-
Total Assets	<u>\$ 194,178</u>	<u>\$ 173,948</u>	<u>\$ 175,958</u>	<u>\$ 192,168</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 194,178</u>	<u>\$ 173,948</u>	<u>\$ 175,958</u>	<u>\$ 192,168</u>
TOTAL - ALL TRUST AND AGENCY FUNDS:				
Assets:				
Cash & Investments	\$ 33,641,415	\$ 106,458,771	\$ 117,617,226	\$ 22,482,960
Due from Other Governments	-	-	-	-
Property Taxes Receivable	-	1,417,167	-	1,417,167
Due from Other Funds	-	676,838	-	676,838
Other Receivables	-	-	-	-
Total Assets	<u>\$ 33,641,415</u>	<u>\$ 108,552,776</u>	<u>\$ 117,617,226</u>	<u>\$ 24,576,965</u>
Liabilities:				
Deposits Held in Trust	\$ 1,864,240	\$ 33,381,228	\$ 33,415,209	\$ 1,830,259
Due to Taxing Districts	26,880,220	62,888,866	76,572,325	13,196,761
Due to Washington Co. General Fund	3,135,937	7,610,274	4,914,963	5,831,248
Due to Other Funds	1,761,018	4,672,408	2,714,729	3,718,697
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 33,641,415</u>	<u>\$ 108,552,776</u>	<u>\$ 117,617,226</u>	<u>\$ 24,576,965</u>

OTHER SCHEDULES

- **Tax Collection Agency Fund – Cash Receipts and Disbursements**

This schedule reports the cash receipted and disbursed by the County's Tax Collection Agency Fund during the year. It provides detail for each taxing authority within the County.

- **Statement of Taxes Charged and Collected**

This schedule reports various tax related information including, total taxable value, current tax rates, total taxes charged, and total taxes collected during the year for each taxing authority within the County.

WASHINGTON COUNTY
Tax Collection Agency Fund
Cash Receipts and Disbursements
For the Year Ended December 31, 2004

	Treasurer's Balance 12/31/2003	Tax Collection Receipts	Current Year's Taxes & Interest Apportioned	Prior Year's Taxes & Interest Apportioned	Disburse- ments	Treasurer's Balance 12/31/2004
Tax Collection Amounts:						
Current Taxes	\$ -	\$69,762,244	\$ (69,762,244)	\$ -	\$ -	\$ -
Prior Year's Redemptions	-	4,860,250	-	(4,860,250)	-	-
Over Collected & Double Pmts	-	-	-	-	-	-
Penalties & Interest	-	549,054	(57,648)	(491,406)	-	-
Other Collections	71,338	119,886	-	-	127,744	63,480
Total	\$ 71,338	\$75,291,434	\$ (69,819,892)	\$ (5,351,656)	\$ 127,744	\$ 63,480
Tax Units:						
Library Operating Fund	\$ 878,717		\$ 1,916,123	\$ 148,498	\$ 1,319,535	\$ 1,623,803
School district	19,114,797		42,355,544	3,103,246	54,953,743	9,619,844
Water Conservancy District	2,646,287		5,671,529	423,952	7,449,285	1,292,483
Assessing & Collecting	995,522		2,189,351	162,427	1,493,303	1,853,997
General Fund	2,140,415		4,602,870	655,626	3,421,660	3,977,251
County G.O. Bond	882,301		2,503,579	104,208	1,395,194	2,094,894
Special Service Districts:						
Rockville/Springdale	11,510		31,871	5,010	36,982	11,409
Southwest Mosquito SSD	110,985		248,663	12,829	316,457	56,020
Southwestern SSD	38,372		69,496	8,235	105,787	10,316
Smithsonian SSD	17,142		28,507	5,073	42,213	8,509
Leeds Area SSD	34,317		79,940	7,231	101,373	20,115
New Harmony SSD	17,456		51,559	7,835	64,803	12,047
Cities & Towns:						
Enterprise	36,332		85,788	5,778	110,064	17,834
Hildale	117,616		88,662	5,385	163,997	47,666
Hurricane	532,832		852,372	131,371	1,310,530	206,045
Ivins	225,207		479,491	41,320	644,755	101,263
LaVerkin	80,107		229,756	16,045	290,031	35,877
Leeds	14,793		42,848	2,565	49,314	10,892
New Harmony	7,893		33,466	792	35,371	6,780
St. George	3,277,807		6,753,986	388,082	8,958,291	1,461,584
Santa Clara	163,243		344,900	26,032	476,662	57,513
Springdale	12,743		35,236	5,935	41,229	12,685
Toquerville	22,097		42,454	6,281	62,390	8,442
Virgin	10,864		28,276	4,157	37,122	6,175
Washington	330,094		866,409	66,336	1,096,512	166,327
Rockville	10,241		26,949	3,713	31,498	9,405
Coral Canyon SID	47,484		160,267	3,694	193,915	17,530
Total Due Units	\$31,777,174		\$ 69,819,892	\$ 5,351,656	\$84,202,016	\$22,746,706
Total	\$31,848,512	\$75,291,434			\$84,329,760	\$22,810,186

WASHINGTON COUNTY

Statement of Taxes Charged and Collected December 31, 2004

TAXABLE VALUE OF PROPERTY						
	Year-End Value (After BOE)	Centrally - Assessed Value	RDA Value	Adjusted Real & Centrally Assessed Value	Year End Personal Property Value	Total Adjusted Value
Library Operations	\$5,451,471,610	\$ 352,633,972	\$ (138,194,248)	\$ 5,665,911,334	\$ 241,185,261	\$ 5,907,096,595
School District	5,451,471,610	352,633,972	(138,194,248)	5,665,911,334	241,185,261	5,907,096,595
Water Conservancy District	5,451,471,610	352,633,972	(138,194,248)	5,665,911,334	241,185,261	5,907,096,595
Assessing & Collecting:						
Local	5,451,471,610	352,633,972	(138,194,248)	5,665,911,334	241,185,261	5,907,096,595
State	5,451,471,610	352,633,972	(138,194,248)	5,665,911,334	241,185,261	5,907,096,595
General Fund	5,451,471,610	352,633,972	(138,194,248)	5,665,911,334	241,185,261	5,907,096,595
County G.O. Bond	5,451,471,610	352,633,972	(138,195,364)	5,665,910,218	241,185,261	5,907,095,479
Rockville/Springdale	92,901,145	2,429,823	-	95,330,968	3,610,648	98,941,616
Southwest Mosquito SSD	5,333,169,760	347,100,175	(138,195,364)	5,542,074,571	237,812,772	5,779,887,343
Southwestern SSD	73,190,130	1,326,555	-	74,516,685	161,111	74,677,796
Smithsonian SSD	23,540,765	1,512,962	-	25,053,727	211,858	25,265,585
Leeds Area SSD	53,878,450	2,174,246	-	56,052,696	579,843	56,632,539
New Harmony Fire	61,716,265	1,368,357	-	63,084,622	307,046	63,391,668
Coral Canyon	54,277,390	267,898	-	54,545,288	-	54,545,288
Enterprise	29,298,915	1,086,624	-	30,385,539	544,035	30,929,574
Hildale	27,138,560	554,378	-	27,692,938	4,907,544	32,600,482
Hurricane	386,404,850	12,498,578	(58,823,145)	340,080,283	26,300,891	366,381,174
Ivins	302,007,575	4,211,691	-	306,219,266	3,682,235	309,901,501
LaVerkin	89,388,770	3,959,432	-	93,348,202	6,417,829	99,766,031
Leeds	38,934,750	1,376,781	-	40,311,531	576,593	40,888,124
New Harmony	7,675,430	446,675	-	8,122,105	220,634	8,342,739
St. George	3,235,054,705	99,341,673	(79,372,219)	3,255,024,159	168,709,302	3,423,733,461
Santa Clara	184,708,815	2,485,082	-	187,193,897	1,469,471	188,663,368
Springdale	77,033,570	1,506,173	-	78,539,743	3,176,144	81,715,887
Toquerville	41,268,280	4,027,624	-	45,295,904	196,345	45,492,249
Virgin	15,883,670	922,353	-	16,806,023	282,453	17,088,476
Washington	534,913,720	10,232,680	-	545,146,400	20,022,203	565,168,603
Rockville	15,867,575	923,650	-	16,791,225	434,504	17,225,729

Totals

Current Year Real & Cent. Assessed Tax Rate	Prior Year Personal Property Tax Rate	Total Property Taxes Charged	Personal Property Taxes Charged	Total Taxes Charged
0.000302	0.000306	\$1,711,105	\$73,803	\$1,784,908
0.006675	0.006680	37,819,958	1,611,118	39,431,076
0.000894	0.000925	5,065,325	223,096	5,288,421
0.000165	0.000167	934,875	40,278	975,153
0.000180	0.000181	1,019,864	43,655	1,063,519
0.000720	0.000729	4,079,456	175,824	4,255,280
0.000394	0.000312	2,232,369	75,250	2,307,619
0.000327	0.000337	31,173	1,217	32,390
0.000040	0.000040	221,683	9,513	231,196
0.000786	0.000808	58,570	130	58,700
0.001164	0.001191	29,163	252	29,415
0.001294	0.001275	72,532	739	73,271
0.000800	0.000735	50,468	226	50,694
0.003000	0.003000	163,636	-	163,636
0.002220	0.002204	67,456	1,199	68,655
0.002130	0.005395	58,986	26,476	85,462
0.002105	0.002139	715,869	56,258	772,127
0.001413	0.001467	432,688	5,402	438,090
0.002105	0.001633	196,498	10,480	206,978
0.000906	0.000927	36,522	535	37,057
0.002150	0.002150	17,463	474	17,937
0.001843	0.001925	5,999,010	324,765	6,323,775
0.001576	0.001607	295,018	2,361	297,379
0.000444	0.000460	34,872	1,461	36,333
0.000853	0.000862	38,637	169	38,806
0.001521	0.001286	25,562	363	25,925
0.001405	0.001421	765,931	28,452	794,383
0.001488	0.001485	24,985	645	25,630
		<u>\$62,199,674</u>	<u>\$2,714,141</u>	<u>\$64,913,815</u>

(Continued)

WASHINGTON COUNTY

Statement of Taxes Charged and Collected (Continued) December 31, 2004

	TREASURER'S RELIEF				CURRENT YEAR ACTUAL	
	Unpaid Taxes	Abatements	Other	Total Relief	Taxes Collected	Collection Rate
Library Operations	\$ 84,602	\$ 12,695	\$ 2,520	\$ 99,817	\$1,685,091	94.41%
School District	1,869,912	276,465	35,583	2,181,960	37,249,116	94.47%
Water Conservancy District	250,442	38,286	12,081	300,809	4,987,612	94.31%
Assessing & Collecting:						
Local	46,222	6,910	1,332	54,464	920,689	94.41%
State	50,425	7,490	1,168	59,083	1,004,436	94.44%
General Fund	201,698	30,228	5,879	237,805	4,017,475	94.41%
County G.O. Bond	110,374	12,827	(17,748)	105,453	2,202,166	95.43%
Rockville/Springdale	2,413	61	94	2,568	29,822	92.07%
Southwest Mosquito SSD	10,774	1,621	201	12,596	218,600	94.55%
Southwestern SSD	1,774	440	169	2,383	56,317	95.94%
Smithsonian SSD	3,506	319	(12)	3,813	25,602	87.04%
Leeds Area SSD	3,368	522	104	3,994	69,277	94.55%
New Harmony Fire	4,805	525	88	5,418	45,276	89.31%
Coral Canyon	2,346	-	1,028	3,374	160,262	97.94%
Enterprise	3,565	507	122	4,194	64,461	93.89%
Hildale	11,993	-	13,312	25,305	60,157	70.39%
Hurricane	50,846	7,547	2,588	60,981	711,146	92.10%
Ivins	12,492	3,460	530	16,482	421,608	96.24%
LaVerkin	14,721	2,320	(2,051)	14,990	191,988	92.76%
Leeds	1,212	345	107	1,664	35,393	95.51%
New Harmony	1,150	156	(1)	1,305	16,632	92.72%
St. George	268,111	46,985	18,557	333,653	5,990,122	94.72%
Santa Clara	13,595	2,771	271	16,637	280,742	94.41%
Springdale	3,005	31	118	3,154	33,179	91.32%
Toquerville	3,424	442	(8)	3,858	34,948	90.06%
Virgin	2,231	531	(38)	2,724	23,201	89.49%
Washington	35,877	4,289	2,289	42,455	751,928	94.66%
Rockville	908	168	37	1,113	24,517	95.66%
Totals	\$3,065,791	\$457,941	\$78,320	\$3,602,052	\$61,311,763	

OTHER COLLECTIONS

Fee in Lieu	Miscellaneous Collections	Delinquent Tax Collected	Interest & Penalty Collected
\$ 230,403	\$ 17,982	\$ 142,592	\$ 6,535
5,092,530	285,524	2,980,829	136,315
682,056	39,201	407,645	18,168
125,883	196,882	74,722	3,432
137,624	10,655	81,007	3,985
549,307	43,723	345,374	346,340
300,593	20,531	102,756	2,272
2,033	180	4,837	189
29,982	1,672	12,653	257
13,171	310	8,148	95
2,902	142	4,920	156
10,636	398	7,065	193
6,274	237	7,575	269
-	657	3,576	123
21,296	406	5,597	212
28,355	817	5,201	334
140,842	8,297	122,653	9,102
57,801	4,795	40,805	597
37,557	861	15,403	853
7,447	199	2,531	42
16,829	1,190	770	27
761,597	48,815	374,663	15,686
64,084	1,534	25,577	529
2,036	201	5,698	258
7,495	236	5,768	524
5,063	149	3,974	195
114,258	4,006	64,284	2,275
2,427	151	3,627	91
<u>\$8,450,481</u>	<u>\$689,751</u>	<u>\$4,860,250</u>	<u>\$549,054</u>

FEDERAL AND STATE REPORTS



KEMP BURDICK

KEMP BURDICK HINTON & HALL L.C.

CPA'S & ADVISORS

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
BRENT R. HALL
KENNETH A. HINTON
GREGORY A. KEMP
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

Honorable County Commission
Washington County
St. George, Utah

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 23, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Washington County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Washington County in a separate letter dated June 30, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the County in a separate letter dated June 30, 2005.

This report is intended solely for the information and use of the County Commission, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.

June 23, 2005



KEMP BURDICK

KEMP BURDICK HINTON & HALL, L.C.

CPA'S & ADVISORS

Independent Auditors' Report on State Legal Compliance

Honorable County Commission
Washington County
St. George, Utah

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
BRENT R. HALL
KENNETH A. HINTON
GREGORY A. KEMP
MORRIS J. PEACOCK
MICHAEL K. SPILKER
MARK E. TICHENOR

We have audited the basic financial statements of Washington County for the year ended December 31, 2004, and have issued our report thereon dated June 23, 2005. As part of our audit, we have audited Washington County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2004. The County received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)
Liquor Law Enforcement (Tax Commission)
Adult Services - Alternatives Program (Department of Human Services)

Our audit also included test work on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
Justice Courts Compliance
B & C Road Funds
Other General Compliance Issues
Department of Commerce
Statement of Taxes Charged, Collected and Disbursed
Assessing and Collecting Property Taxes
Transient Room Tax
Impact Fees and Other Development Fees
Asset Forfeitures

The management of Washington County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in our schedule of findings and recommendations dated June 30, 2005. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Washington County complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2004.

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.

June 23, 2005



KEMP BURDICK

KEMP BURDICK HINTON & HALL L.C.

CPA'S & ADVISORS

Findings and Recommendations

Honorable County Commission
Washington County
St. George, Utah

Gentlemen:

In planning and performing our audit of the financial statements of Washington County for the fiscal year ended December 31, 2004, we noted improvements in the County's system of controls and accounting procedures. However, we noted the following circumstances that, if improved, would strengthen the County's accounting system and control over its assets and State Compliance. These items are discussed below for your consideration.

Current Year Findings and Recommendations:

04-1. Budgeted Tax Revenues

Budget amounts for property tax revenues levied for debt service in the Debt Service Fund do not agree with the TC-693 *Tax Rate Summary*; moreover, tax revenues allocated to the Debt Service Fund were in excess of the amount levied. This over allocation was apparently caused by an incorrect allocation of vehicle license property tax revenues which should have been allocated to the General Fund.

Recommendations

We recommend that the County establish procedures for recording the appropriate budget for property tax revenues in the Debt Service Fund and that actual receipts for these taxes are allocated accordingly.

04-2. Adopted Budget

We noted that the County's adopted budget and resolution included budget line items for the "Dixie Center" and the Southwest Mosquito Abatement District. These are separate legal entities and thus, these budgets are approved and adopted by the respective boards of the Washington County/St. George City Inter-local Agency and the Southwest Mosquito Abatement District.

We also noted that the budget failed to consider the debt service requirements for the new bond issues and the bond advance refunding proceeds and payments.

MEMBERS:

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MARK E. TICHENOR

Recommendations

We understand that the County has contracted with these entities to perform accounting and other related services; however, we recommend that the County properly omit these budget line items from future County budgets.

We recommend that the County properly budget for or make amendments for all proceeds and expenditures in accordance with State law.

04-3. Assessing and Collecting

Every county is required to separately account for assessing and collecting (A&C) funds. Further, each county is required to spend such funds only on functions related to the valuation of property, the establishment and maintenance of uniform assessment levels; and the efficient administration of the property tax system, including the costs of assessment, collection, and distribution of property taxes. We noted that the County's Assessing and Collecting revenues for the 2004 year exceeded allowable expenditures as documented (net of recorder's fees) by \$163,837.

Direct charges to this function originate in certain county departments which deal with Assessing and Collecting, i.e., assessor, treasurer, and auditor. Since those departments usually perform a variety of duties, only a supportable allocation of their costs should be made to the A&C function. Related indirect costs; i.e., building maintenance, utility costs, and personnel costs, may also be allocated to this function. However, it appears that the County has not allocated any indirect costs.

Recommendations

We recommend that the County establish procedures to ensure that all assessing and collecting costs are properly considered for allocation to assessing and collecting and that procedures be established to ensure that assessments for Assessing and Collecting are not in excess of allowable costs.

Prior Year Findings and Recommendations Reissued:

02-2. Cash Receipts

We noted improvement in procedures for recording cash receipts; however, we still found a few instances where cash receipts were improperly recorded to expenditure accounts rather than revenue accounts. We specifically noted instances where capital assets were sold and the proceeds were recorded as credits against expenditure accounts such as capital outlay. Netting this type of revenue against expenditure accounts causes actual expenditures to be understated.

Recommendations

We recommend that the County establish procedures for recording cash receipts in proper revenue accounts such that receipts generally should not be recorded in expenditure accounts.

00-1. State Finding - Budgetary Compliance - Exceeding Budget Appropriations

The Fiscal Procedures Act for Utah Counties requires Counties to restrict expenditures to the authorized department budget. The "Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual" identifies the departments which have over-expended budget amounts. The report reflects improvements from prior years; however, there are a few departments with small budget overruns less than \$4,600.

Recommendations

We recommend that the County operate within the confines of State law by limiting expenditures or following proper procedures to adjust the departmental budgets.

This report is intended solely for the information and use of the County Commission, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. It has been a pleasure to be of service to the County this past year. We would like to express special thanks to all those who assisted us in this year's audit. We invite you to ask questions of us throughout the year and we look forward to a continued professional relationship.

Sincerely,

Kemp, Burdick, Hinton & Hall, L.C.

KEMP, BURDICK, HINTON & HALL, L.C.
June 30, 2005



WASHINGTON COUNTY CLERK / AUDITOR

197 East Tabernacle ♦ St. George, Utah 84770

Telephone: (435) 634-5712 ♦ Fax: (435) 634-5763

E-mail: crobison@washco.state.ut.us

CALVIN R. ROBISON
County Clerk/Auditor

MANAGEMENT LETTER RESPONSE

State of Utah
Office of the State Auditor
211 State Capitol
Salt Lake City, Utah 84114

MacRay A. Curtis, CPA
Director, Local Government Division

In response to the Management Letter written for the 2004 Audit by our independent auditors, Kemp, Burdick, Hinton & Hall, L.C., and in compliance with reporting requirements of the Utah State law, the following comments are respectfully submitted.

Current Year Findings and Recommendations:

04-1 Budgeted Tax Revenues

Budgeted amounts for property tax revenues levied for debt service were correctly calculated. However the County has incorrectly allocated vehicle license property tax revenues to the Debt Service Fund when only real property taxes should be allocated. The County Treasurer has been instructed to allocate all taxes to the General Fund in the future.

04-2 Adopted Budget

Washington County agrees with this recommendation and will comply by not including budgeted items for both the Dixie Center and the Southwest Mosquito Abatement District as well as any other contracted entities that may be assisted in the future. Also any bonding done during the year will be brought in compliance and included in future budgets.

04-3 Assessing and Collecting

It is possible that the County was actually in compliance with this restriction for 2004; nevertheless, we will review the allocations for assessing and collection so as not to make a complicated and time consuming procedure in order to comply. In the past we have allocated a percentage of various departments as well as indirect costs but the past few years we have not done them.

Prior Years Recommendations Reissued:


02-2. Cash Receipts

The County Treasurer has made many positive changes and a review of all procedures has strengthened this department. Daily reconciliation of all cash receipts is required and specific procedures are now in place for all wire transfers and other payments when questions arise on proper classification. This should eliminate future problems and provide accurate accounting of all cash receipts. There are some instances where it is proper for a cash receipt to be credited to an expenditure account such as reimbursement to a travel claim that was not used.

00-1. Budgetary Compliance

Improvement has been noted that most departments are doing very well in monitoring their budgets. The County's accounting system has been outdated for the past few years and a new system was installed the latter part of February 2002. This will allow major flexibility to management and the implementing of better internal controls. Since the conversion, the County is now utilizing encumbrance accounting. This has assisted greatly with only minor infractions in over spending in a few departmental budgets.

Respectfully Submitted,



Calvin R Robison, CPA
Washington County Clerk/Auditor
July 1, 2005

cc: Washington County Commissioners
Kemp, Burdick, Hinton & Hall, L.C.